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ABSTRACT

These proceedings of the subcommittee investigation of the Federal veterans' educational program (including the role of the State-approving agencies and the effectiveness of the veteran on campus) contain statements and data presented by many individuals and groups, e.g. the American Association of Community and Junior Colleges, the Veterans' Administration, the National Association of State Approving Agencies, and the Comptroller General of the U.S. (JT)

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OVERPAYMENTS AND ENFORCEMENT OF STANDARDS IN THE VETERANS' EDUCATION PROGRAM

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION AND TRAINING

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

SECOND SESSION

APRIL 8, 13, AND 29; MAY 6; AND JUNE 2, 1976

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OVERPAYMENTS AND ENFORCEMENT OF STANDARDS IN THE VETERANS' EDUCATION PROGRAM

THURSDAY, APRIL 8, 1976

U.S. House of Representatives,
Subcommittee on Education and Training
of the Committee on Veterans' Affairs,
Washington, D.C.

The committee met, pursuant to notice, at 10:05 a.m. in room 334, Cannon House Office Building, Hon. Ronald M. Motti presiding.

Mr. Motti. The committee will now come to order.

This year there will be an estimated 2.8 million veterans in this country who receive financial assistance from the Veterans' Administration to further their schooling.

The vast majority of those worthy veterans are attending their college classes regularly, doing their studies conscientiously, and making use of the veterans' education program to better prepare themselves for a successful career.

But there are a handful of veterans who, aided and abetted by unscrupulous officials and ineffective operation of the Veterans' Administration, are making a shambles of this well-intentioned program. This taxpayer ripoff could well exceed $1 billion this year, and the funds being lost would be sufficient to provide worthy and serious-minded veterans with a needed cost-of-living increase.

Congress, too, must share in the blame for the shortcomings of this program. In 1973, legislation was enacted to allow veterans to collect their monthly benefits in advance before they attended classes, and this has helped lead to substantial overpayments in this program.

The cold war-Vietnam GI bill was enacted into law in 1966. At that time the educational assistance payment was $100 for a single veteran in full-time training with corresponding increases for veterans with dependents. During the next 10 years, this Nation was to experience the agony of the Vietnam war which increased the veteran population by over 7 million.

During this same period, there was much rhetoric that the veterans' educational assistance program was inadequate and not comparable to the GI bill programs for veterans of previous wars. Successive Congresses liberalized and improved veterans' educational assistance so that by the end of 1974, the 93d Congress, over a Presidential veto, had increased the educational assistance payment for a single veteran in full-time training to $270 a month with proportionate increases for veterans with dependents.

Following recommendations by the administration that advance and prepayments would be a program for helping veterans meet the initial cost of enrollment, the 92d Congress approved the authorization of payments to veterans at the beginning of each semester or training period.

During the early 1970's, there also developed a nationwide problem of delivering veterans' educational checks on a timely basis. In fact, some veterans experienced a delay of many months before receiving their first GI bill check. For a number of reasons, including the inability of the Veterans' Administration to deliver GI checks on time, the Veterans' Administration relaxed its safeguards on the GI educational program.

From 1966 to 1972, the cumulative overpayments recognized by the Veterans' Administration totaled $128 million. In the next 3½ years, there has been about $1.3 billion in cumulative overpayments. These overpayments alone are a cause for great alarm by the Congress and a principal reason why these hearings are being held.

The Veterans' Administration has collected many of the overpayments, usually by offsetting them against subsequent benefit entitlement, but there is still a balance of almost $375 million which remains outstanding and uncollected. The overpayment problem continues unabated. Overpayments of this magnitude would have been thought to be absurd in the World War II or the Korean conflict veterans' educational programs.

While the overpayment problem is of utmost concern to the Congress, there is another abuse which has received little publicity but may be a bigger problem. I am referring to the attendance and standards of progress policies as they have been administered, which have permitted large numbers of veterans to enroll in school and continue receiving GI bill payments, even though they rarely attend a class or have failed to maintain a passing grade, but continue receiving GI checks.

This committee in its oversight capacity has been looking into a number of these schools and has learned with much consternation that some schools have permitted veterans to receive GI bill checks when from all advance evidence many may have never attended a class or passed a course. Such a practice is reprehensible and a flagrant waste of taxpayers' money.

What is worse, I submit, is the fact that it woos veterans with a subsidy to utterly waste their educational opportunities and the years of their youth.

The Veterans' Administration is the agency primarily responsible for administering the GI bill and related education programs. The Veterans' Administration, however, contracts with State-approving agencies in each of the several States to act as its agent in approving schools and courses for VA benefits and to evaluate the approved schools in accordance with VA regulations.

The committee plans to investigate this aspect of the veterans educational program and to determine how the State-approving agencies have carried out their function. The committee will attempt to evaluate the degree of success they have achieved in bringing these institutions into compliance with the law regarding satisfactory attendance and progress.

In addition, there will be an inquiry into the effectiveness of the veteran on campus and work study programs which are administered by the Veterans' Administration and the contracting out by an accredited school of its name for use by a profitmaking group.

The General Accounting Office has made a detailed study of the overpayments to determine the underlying causes, identify some solutions, and make recommendations with respect thereto, which are found to be in the report to the Congress dated March 19, 1976.

Before I introduce our first witness, I would like to introduce for a short statement my distinguished colleague from Pennsylvania, Mr. Edgar.

Mr. EDGAR. Thank you, Mr. Chairman.

I do not plan to take too long. I would like to commend the chairman of the Educational Committee for holding these investigations, oversight hearings into this important issue.

Mr. Chairman, I hope as we begin to pursue some of the abuses of the veterans' educational programs, that we would not lose sight of the fact that there are a large number of veterans who are faithfully using their entitlement under the GI educational program.

I have been an advocate for the GI program for the last year and am very concerned about some of the trends. I see this committee and other Members of Congress moving in as we look at not only the GI educational programs as they presently exist, but as we look to the future.

I was pleased to have a meeting with Chairman Teague on the 18th of March, where with one of my staff people he discussed at length his interest in holding public hearings in the month of May to deal with a broader approach to the whole question of GI educational benefits.

I would like to draw the attention of the committee to the fact, in May it is our hope and in particular my hope, that we will look at such things as the extension of the delimiting date, the whole GI program, and the evaluation of the GI program for future veterans, and that we will look at some of the alternatives that need to be set in place so we will have a quality education program for those who need it and deserve it, should receive the benefits, should receive the whole 36 months of entitlement, and it is my hope they receive 45 months of entitlement.

We need to seriously look at ways in which we can improve the GI educational program for all veterans.

I hope as we analyze the GAO report and the other testimony that appears today that my colleagues will be careful not to allow some of the abuses that we see to foreshadow the fact that there are large numbers of veterans who are utilizing their veterans benefits fairly, equitably in institutions of higher learning, who are paying back into the system moneys because of increased job opportunities that they are being able to be provided with.

I may note that as early as this morning I received a long distance phone call from a veteran in Pennsylvania who was concerned about the fuzziness of the reports that have come out of Washington as to whether the GI program will be continued in the future, what are its future possibilities, what are the possibilities of an extension of the delimiting date.

It seems to me that there is a great deal of concern among our veterans, particularly Korean war veterans and early Vietnam veterans.

I would hope that we as a committee can carefully and articulately look at the issues and try to present the kind of legislation and tighten existing laws as well as to look at continuing solid GI educational programs in the future.

I commend Chairman Teague for his willingness to have the hearings in May. I look forward to those hearings.

Thank you, Mr. Chairman.

Mr. MOTTL. Thank you, Mr. Edgar, for those constructive remarks.

Does the distinguished gentleman from California, my distinguished colleague, Mr. Hannaford, have any comments at this time?

Mr. HANNAFORD. I have no comment, Mr. Chairman, other than commend you and also Mr. Edgar's statement.

I have spent many years as a college teacher and have observed some of the concerns that you expressed. But naturally, my sympathy is very strongly with the GI bill program and very much in accord with Mr. Edgar's remarks.

I might say further that the changing college education in the past few years has made it more difficult to be precise about the measurement of entitlements and accomplishments. The inclination to have programs that are not as structured in which it is almost impossible to comply with requirements of grades and attendance checks complicates the program a great deal.

We can comment further on that after further testimony. Thank you, Mr. Chairman.

Mr. MOTTL. Thank you, Mr. Hannaford.

Does the gentlewoman from Massachusetts have any comments at this time?

Mrs. HECKLER. Thank you, Mr. Chairman.

Today we begin a series of Veterans' Administration oversight hearings which are both timely and topical. They are timely because the VA educational assistance program has grown from a $305-million endeavor in fiscal 1967 to a $6-billion effort in fiscal 1976, with part of the growth due to legislative enactments of the past few years. As a member who advocated and supported such enactments as extension of the 8-year delimiting period to 10 years and a 14-percent increase in educational assistance benefits, I have a very deep concern about the administration of this program. They are topical because abuses of the program seem to have accelerated of late, making the Education and Training Subcommittee's oversight function all the more important.

With overpayments totaling more than $300 million, two major areas need to be questioned: Schools' and veterans' reporting of status changes and the VA's payment and processing procedures. Moreover, various practices should be examined, such as standards of progress, correspondence training, work-study and veteran-representative programs, schools' contracting out of recruiting and consulting services, and educational loan programs.

In exploring these and other areas, the subcommittee can provide vital services—to the veteran who deserves an effectively-run program, to the VA which is charged with administering educational assistance, to the Congress which is responsible for enacting and overseeing title 38, and to the citizens of the United States who pay for both benefits and abuses with their tax dollars.

The educational assistance program is, in part, designed to provide "vocational readjustment" and restore "lost career opportunities" to veterans whose careers—whose very lives—were interrupted by active duty in the Armed Forces. These student veterans—most of whom are sincere in their educational endeavors, most of whom are honest in their receipt of benefits—are harmed the most by GI bill abuses. During their months of entitlement to readjustment and restoration benefits, months which can never be recaptured, they have a right to the best possible educational opportunities.

It is with them in mind that we undertake this series of hearings. It is with them in mind that we will seek to make any necessary legislative changes in the educational program.

With my compliments to Mr. Mottl, who has agreed to chair these hearings; to my colleagues on the subcommittee, who bear and share responsibility for this undertaking; to the witnesses from the General Accounting Office, who are waiting to testify on their worthwhile study of overpayments; and to VA officials and veterans in the committee room, who comprise a concerned audience, I am looking forward to a constructive hearing today.

Mr. MOTTL. I thank the gentlewoman from Massachusetts for her constructive remarks.

Does the distinguished gentleman from Tennessee, Mr. Allen, have any remarks at this time?

Mr. ALLEN. Mr. Chairman, I want to congratulate you, sir, on deciding to hold these hearings. The indictment that you have leveled against the administration of this program is one that is deserving of intense investigation by this committee and certainly I want to associate myself with Mr. Edgar to the effect that those who have abused the program should not be held up as an excuse for terminating it.

I agree with Mr. Edgar 100 percent that the delimiting date should be either extended or removed entirely. Those who have served their country and served it well, earned their right to educational benefits.

The fact that circumstances were such when they immediately got out of the service that they were unable to take advantage of those benefits for one reason or another should not deny them what they earned by reason of their service to their country.

I want to associate myself with Mr. Edgar and his point of view on that, but at the same time I do think that this investigation should be pursued and the responsibility for such lax enforcement of the law and the original intent of Congress should be pinponted and there should be no permitting of buckpassing as to who is responsible and who is not responsible.

That is the trouble so often in organizations where the responsibility for obligations and performances of duties is diffused. Everybody wants to pass the buck.

We want to find where the buck stops and we want to quit passing that responsibility and find where it belongs and see whatever corrective action is needed to be taken.

Thank you, Mr. Chairman.

Mr. MOTTL. I thank the gentleman from Tennessee for his constructive remarks.

We will now call our first witness, and that is the Director of Manpower and Welfare Division of the General Accounting Office, Gregory J. Ahart.

Mr. Ahart, will you come forward please.

STATEMENT OF GREGORY J. AHART, DIRECTOR, MANPOWER AND WELFARE DIVISION OF THE U.S. GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY GEORGE D. PECK, ASSISTANT DIRECTOR AND CHARLES J. GAREIS, SUPERVISORY AUDITOR

Mr. Ahart. Thank you, Mr. Chairman. I would like to introduce my colleagues at the table who will assist in answering questions from the subcommittee this morning.

On my left is Mr. George Peck, Assistant Director of the Manpower and Welfare Division, who has reponsibility for all of our work in the Veterans' Administration. On my right is Mr. Charles Gareis, Supervisory Auditor of the Manpower and Welfare Division, who had the direct responsibility for the study we will be talking about this morning.

Mr. Chairman and members of the subcommittee, we are pleased to be here today to discuss our recently issued report to the Congress on VA's educational assistance overpayments problem, probably one of the most serious and costly problems facing VA and the subcommittee today.

Before fiscal year 1973, overpayments were only a minor problem in VA's administration of its educational assistance programs. In recent years, however, overpayments have increased dramatically, posing a serious problem requiring immediate action by VA and perhaps the Congress.

During the 6-year period ended June 30, 1972, overpayments discovered by VA totaled $128 million. However in the following 3½ years ending December 31, 1975, the cutoff date for the data used in our report, Va discovered additional overpayments totaling about $1.3 billion.

On the basis of data for the first 6 months of fiscal year 1976, we estimated that total overpayments discovered this fiscal year may reach $823 million, an increase of more than $375 million over fiscal year 1975. VA has advised us that in the months of January and February 1976, an additional $129.7 million in overpayments were discovered, bringing the actual total overpayments discovered since fiscal year 1967 to more than $1.5 billion.

Overpayments represent an increasing percentage of total educational assistance benefits paid out by VA. In fiscal year 1967, overpayments represented 0.7 percent of total benefits paid in that year, whereas overpayments in the first 6 months of fiscal year 1976 represented 15.6 percent of total benefits paid out in that period.

Despite VA's efforts to centralize its collection procedures, the amount of overpayments outstanding continues to grow at an alarming rate. As of December 31, 1975, overpayments outstanding totaled $298.2 million, and had increased $78 million or 35 percent in just 6 months. If this rate of increase continues during the second half of fiscal year 1976, overpayments outstanding will total $376 million at

June 30, 1976. In this regard, Mr. Chairman, VA has informed us that the amount outstanding as of February 29, 1976, totaled $326.2 million, indicating an increase of $28 million since December 31, 1975.

In the current fiscal year, VA has had to request an additional $2 billion above its original appropriation request of $4.2 billion for educational assistance payments. Part of that $2 billion might not have been needed had the $326 million in outstanding overpayments been available.

Our analysis of the overpayments outstanding as of December 31, 1974, $166.3 million, revealed that about 73 percent, $121.6 million, were for persons who attended colleges and universities. The remaining 27 percent, $44.7 million, were attributable to persons who attended vocational, trade, and other noncollege training institutions. Our report focuses on overpayment problems concerning persons who attended colleges and universities, although many factors influencing overpayments at these institutions would also apply to noncollege training institutions.

To identify and attempt to understand the underlying causes of educational assistance overpayments, we analyzed a random sample of 135 overpayment cases, totaling $64,115 in overpayments, selected from 6 colleges and universities in the Los Angeles regional office area. Each case was analyzed to identify specific causes for all or part of the overpayments. Three primary causes were identified:

—41 percent, $26,640, resulted from veteran and school delays in reporting training changes, such as dropping classes or withdrawing from school.

—22 percent, $13,871, resulted from the issuance of special payments and poor VA processing practices.

—21 percent, $13,322, resulted from the prepayment and advance payment of benefits under provisions of the VA educational assistance law, as added by Public Law 92–540, enacted October 24, 1972.

—16 percent, $10,272, resulted from normal processing requirements.

The six schools selected for our study accounted for about 17 percent, $3,585,000, of $21 million in overpayments outstanding on December 31, 1974, for VA's Los Angeles regional office, the office with the largest workload in the VA system. Four of the six schools—three junior colleges and a State university had the four largest overpayment balances outstanding against veterans in the Los Angeles region. The other two schools—a junior college and a private university—were selected because of their relatively moderate balance of overpayments outstanding. Nationwide, as of December 31, 1974, junior colleges accounted for over 56 percent of the total overpayments made to persons who attended colleges and universities.

Veterans and the schools they attend share responsibility for reporting training status changes to VA in a timely manner. As I stated earlier, about 41 percent of the overpayment amounts in the cases sampled resulted because veterans and schools had not promptly reported changes in status. From available records at the six selected schools and at VA's Los Angeles regional office, we determined that an average of about 67 days elapsed from the effective date of a status change to the date VA was notified—at one school the average elapsed days was 100.

We believe that VA and the State-approving agencies, as well as the veterans and schools, can improve the timeliness of status change reporting and thereby reduce the incidence of overpayments.

VA's regional offices have compliance survey specialists who visit selected schools to verify and insure the propriety of educational assistance payments to veterans. The specialists have a preselected sample of up to 50 cases of persons who have received VA benefits while attending the school under survey. These cases, selected without regard to whether they involve overpayments, are verified with school records to insure the accuracy and validity of payment benefits.

Prior to February 1975, VA made compliance surveys at colleges and universities on a "specific need" basis. At that time VA revised its regulations to require that compliance surveys be made annually at 25 percent of those colleges and universities having 300 or more eligible persons. As a result, the number of surveys at these institutions increased during fiscal year 1975. Despite the increases, however, and on the basis of our review in the Los Angeles region, we believe that the specialists making compliance surveys need to devote more attention to evaluating the school reporting systems so that constructive suggestions for improvement can be made.

During fiscal year 1975, each of the four schools with the highest overpayment balances in Los Angeles were surveyed. However, despite the high overpayments and the delays we noted in status change reporting at all four schools, the survey reports concluded that the schools were generally in compliance with VA reporting requirements. According to officials at these four schools, the compliance specialists did not evaluate their reporting procedures nor suggest improvements to the reporting systems during the surveys. They said no formal written reports regarding the survey teams' findings were issued to the schools.

VA contracts with State approving agencies across the country to review school credentials and performance. This review includes the schools' reporting of training status changes to VA. The agencies are required to report any discrepancies and problems to the VA.

Los Angeles regional officials said they rely heavily on State-approving agencies to evaluate school procedures for reporting training status changes, but State agency officials we contacted said they generally do not have time to evaluate these procedures. They added, however, that if they knew of significant overpayment problems at a particular school, they could consider such a review.

In our opinion, VA should provide State-approving agencies with periodic lists of the relative ranging of schools in terms of overpayments. This would help these agencies in identifying practices.

VA is authorized, 38 U.S.C. 1785, to assess the full amount of an overpayment against a school that is negligent in reporting a change in an eligible person's educational status. However, this authority is infrequently exercised.

In May 1975, VA issued a circular to all regional offices to clarify and emphasize its statutory and regulatory responsibility to assess schools. The circular gave regional offices more detailed and specific guidelines on processing assessments. It emphasized the importance of schools promptly reporting training status changes to VA and pointed out that schools were not to be relieved of this responsibility. Furthermore, regional offices were instructed to closely review overpayments to determine school liability.

In January 1976, Los Angeles regional officials advised us that no assessments had been made against schools in that region for negligent reporting of training status changes. Despite the May 1975 circular and the results of our analyses of 135 overpayment cases, as of December 31, 1975, no assessments of liability had yet been made against any schools in the region.

The long delays by schools in reporting training status changes, identified in our analyses of the 135 sampled overpayment cases, may indicate general negligence on the part of those schools. However, because of VA's emphasis on the students' responsibilities to repay the overpayments, the schools have been generally unaffected by the overpayment problems of eligible persons on their campuses.

Proper implementation of VA's May 1975 circular could change this situation. Several officials of Los Angeles area schools have stated, and we agree, that assessing the schools for overpayments resulting from untimely reporting of training status changes might motivate the schools to improve their reporting.

At colleges and universities nationwide, VA has considerable staff resources available that could be more effectively used to reduce schools' delays in reporting training status changes of enrolled veterans and dependents. These resources include (1) full-time VA employees, known as veteran representatives on campus, and (2) veteran students participating in VA's work-study program.

Since August 1974, VA has had more than 1,300 veteran representatives on school campuses primarily to answer benefit inquiries from veterans and expedite educational assistance payments.

We believe that, if given the opportunity and permission to do so, veteran representatives could provide more valuable assistance to VA, the schools, and the veterans by helping to identify ways of improving the timeliness of the schools' status change reporting and thus reduce the overpayments at those schools. Officials at six schools we visited said they would welcome suggestions from VA for improving their reporting procedures.

Under VA's work-study program, veteran representatives and the schools can receive part-time assistance from veteran-students, who are paid an additional educational assistance allowance of up to $625 per enrollment period for up to 250 hours of VA-related work.

VA estimates that, in fiscal year 1976, 9.5 million work-study hours will be used nationwide at a cost of $23.6 million and that in fiscal year 1977 a total of 9 million hours will be used at a cost of $22.4 million.

Despite statutory restrictions to the contrary, work-study veterans are not necessarily working exclusively in VA-related activities. At three of the Los Angeles area schools we visited, many work-study veterans were working in nonveteran affairs areas, such as school libraries, cafeterias, and janitorial areas.

In June 1975, VA's central office instructed all regional offices to insure that work-study veterans work only under the supervision of a VA employee and only on veteran affairs activities directly related to VA's responsibilities in approving and paying benefits. This instruction is a step in the right direction. Work-study veterans on college and university campuses, in our opinion, can provide a valuable service in helping veteran representatives and the schools to expedite status change reports and in identifying ways to improve the schools' reporting procedures and practices.

Each year since fiscal year 1967, pursuant to 38 U.S.C. 1784, VA has paid schools $3 for each veteran and dependent on their rolls as of October 31 to cover the cost of administrative activity and the preparation of required reports.

According to officials at all schools visited, the $3 fee was insufficient to cover the costs of recording and reporting on veteran and dependent educational program activities. Several stated that the total fees received would not even pay the salaries of those responsible for reporting changes in training status.

In the 8 years that the $3 reporting fee has been in effect, it has not been reevaluated to determine its adequacy in light of rising school operating costs and as an incentive for timely reporting of training status changes.

In view of the identified delays in school reporting and school officials' comments about the inadequacy of the current $3 reporting fee, we believe VA should reevaluate the fee and, if appropriate, submit amendatory legislation to the Congress.

Each of these areas, Mr. Chairman, needs VA's immediate attention. Accordingly, we recommended that the Administrator of VA emphasize—

Improving the timeliness of school reporting through more frequent comprehensive compliance surveys at schools, particularly those with a large balance of overpayments;

Increasing guidance to and cooperation with State approving agencies on overpayment problems;

Increasing assessments of overpayments against schools which are negligent in reporting training status changes;

Increasingly using its oncampus resources, such as veteran representatives and work-study veterans, in identifying and correcting school reporting problems; and

Reevaluating the adequacy of statutory school reporting fees as an incentive for timely reporting of training status changes and, if necessary, submitting proposed amendatory legislation to the Congress.

I would like to turn now to VA regional processing.

VA regional processing techniques account for many of the educational assistance overpayments made annually. By improving these techniques, VA can reduce overpayments.

When a training status change notice is received at a VA regional office, the student's claim folder is reviewed to verify the accuracy of data on the notice before it is forwarded to the Hines Data Center for computer processing. Reviewing the claim folder is a time-consuming manual process.

In July 1971, we reported to the Congress that the VA could process training status changes more quickly by eliminating this manual verification procedure at its regional offices, relying instead on the Hines Data Processing Center's computer screening functions.

VA agreed in principle with our recommendation and indicated that it planned to automate status changes. VA gave similar assurance to the Senate Committee on Government Operations in August 1971, indicating implementation by June 1972. However, VA subsequently decided against automating status change processing based on what it considered inherent dangers involved in eliminating manual processing.

By automating training status changes, as we recommended in July 1971, VA could have reduced overpayments by as much as 11 percent while reducing administrative costs at the Los Angeles region by about $1.4 million through December 31, 1974. Had VA implemented this recommendation in June 1972 as it originally intended, millions of dollars in administrative costs might have been avoided nationwide over the succeeding 2½ years.

Hardship payments, made outside the regular education benefit payments system by local or teletype procedures, were originally established by VA to pay individuals suffering economic hardships because of delays in the processing of their regular benefit payments. In July 1974, however, VA dropped the term "hardship" and substituted the term "special" to more appropriately recognize the expanded use of these payments by regional offices.

During fiscal year 1974, 267,470 special payments were made. In fiscal year 1975, after the term "hardship" was dropped, 816,824 special payments were made, representing an increase of 205 percent. During the same period, the number of persons in training increased by only 14.3 percent, from 2.45 million to 2.80 million.

In our sample of overpayment cases, special payments caused about 10 percent of the overpayments. Nationwide, overpayments resulting from special payments amounted to $11.6 million as of December 31, 1974, or about 9 percent of total overpayments then outstanding.

Special payments become overpayments substantially more often than regular payments because transaction data is not verified with the Hines Data Center master records before benefit checks are issued. With regular benefit payments, transaction data is automatically verified with Hines master record data to safeguard against inappropriate payments. Circumventing the master record verification reduces processing time, minimizes rejections, and speeds the issuances of benefit checks, but it also causes substantially more overpayments.

Our comparative analysis of fiscal year 1974 regular and special payment statistics for the Los Angeles regional office showed that 3.3 percent of the regular payments resulted in overpayments, whereas 6.3 percent of the special payments became overpayments. Therefore, special payments had a 91-percent greater chance of becoming overpayments than did regular payments.

In view of the higher frequency of overpayments that VA is experiencing as a result of its liberalized use of special payments, we believe it should limit these payments to cases of bona fide hardship.

VA regional offices can further reduce overpayments by increasing their use of teletype transmissions of stop-payment notices to the Hines Data Processing Center. In many cases, the VA Los Angeles regional office could have prevented 1 month's overpayment by transmitting a teletype stop-payment notice to the Hines Center when insufficient time remained for regular processing.

Under VA's compensation and pension programs and in accordance with established operating procedures, regional offices routinely transmit teletype stop-payment notices to the Hines data center when normally processed notices would not arrive in time to prevent an overpayment. However, regional offices seldom use teletype stop-payment procedures for educational assistance benefits. Nationwide, between March 1, 1975, and July 17, 1975, only 1,016 education stop-payment notices were teletyped to Hines by all regional offices. During the same period, the Hines center received 4,315 stop-payment teletype messages for compensation and pension payments.

VA's educational assistance regulations allow regional offices to use teletype stop-payment procedures; however, as pointed out by officials at VA's central office and Los Angeles regional office, the regions are not required or directed to use the procedures to stop education payments. We believe that the regional offices should be directed immediately to substantially increase their use of teletype stop-payment notices as a means of preventing educational assistance overpayments.

To reduce educational assistance overpayments due to VA processing procedures, we recommend that the administration of VA, implement immediately a pilot program to automate training status changes as recommended in our 1971 report, limit the use of special payments to proven hardship cases, and expand the use of teletype stop-payment notices to halt overpayments.

I would like to turn now to advance payment and prepayment of educational assistance.

In October 1972, the Congress enacted the Vietnam Era Veterans' Readjustment Assistance Act of 1972, Public Law 92-540. The act provided for (1) the advance payment of initial educational assistance benefits at the start of an enrollment period for those eligible persons pursuing a program of education on a halftime or more basis and (2) monthly prepayment of subsequent benefits during the period of enrollment. Before this act, educational assistance payments for training on a halftime or more basis were made at the end of the month for which the payments were earned. This was known as a postpayment system. The prepayment provision became effective on November 1, 1972, and the advance payment provision on August 1, 1973.

Despite administrative controls established by Public Law 92-540, advance payments and prepayments of educational assistance benefits are contributing greatly to VA's escalating overpayments problem.

Of the 135 overpayment cases sampled at the 6 Los Angeles area schools selected for study, 104, 77 percent, involved overpayment that occurred after November 1, 1972, when the advance payment and/or prepayment provisions were in effect. In 83, about 80 percent, of the 104 cases, the advance payment or prepayment provision contributed to the overpayment made, accounting for $13,332, 21 percent, of the $64,115 in overpayments for all 135 cases sampled.

Amending 38 U.S.C. 1780 to limit advance payments to individuals who are determined to have a bona fide financial need could greatly reduce overpayments attributable to the advance payments. However, overpayments attributable to prepayment of subsequent monthly assistance allowances will continue to occur due to the inherent nature of these payments.

The only apparent way to stop overpayments resulting from monthly prepayments is to change the law. In view of the growing magnitude of overpayments and their adverse effect on those who receive and must repay them, the Congress may wish to reconsider the prepayment provision of Public Law 92-540 and to re-enact a postpayment system for VA educational assistance benefits.

We recognize that the overpayment problem must be balanced against the desirability, and legislatively determined need, for paying educational assistance allowances before they are earned through actual pursuit of training. However, returning to a postpayment system, like that in effect before November 1972, would greatly reduce overpayments and relieve the growing pressures on VA's already strained collection system.

I would like to turn now to VA's collection efforts.

Collection of existing overpayments has increasingly lagged behind the annual increases in overpayments; consequently, the outstanding balance of uncollected overpayments has increased substantially. VA has centralized the collection of overpayments, but the centralized system has not been able to keep pace with the increasing number of overpayments. Major problems are that the computer system lacks the ability to perform all the necessary collection functions; and personnel shortages cause backlogs in administrative areas, such as responding to veterans' inquiries and establishing new case files.

These problems could be lessened if VA concentrated on eliminating or minimizing the causes of overpayments. If the causes are not effectively dealt with, the overpayments will continue to increase, creating a need for additional staff and equipment to handle collection efforts.

Other collection problems also need attention. VA's collection letters do not sufficiently explain to overpaid individuals and VA officials the nature of the overpayments. Also, award letters to veterans do not show overpayments outstanding or alert veterans that subsequent benefits will be withheld to recover overpayments outstanding.

VA does not know the cost of recovering overpayments and, consequently, does not know whether collection costs are exceeding recoveries. By law, Federal agencies are authorized to terminate collection efforts on accounts where collection costs will exceed recovered amounts.

Individuals are receiving compensation and pension benefits while educational overpayments remain uncollected. VA does not have an automatic system for cross-checking between programs to identify persons with educational overpayments who are receiving benefits under the compensation or pension programs.

Even if the various causes of overpayments remain, much can be done to improve the existing collection system. Accordingly, we recommended that the Administrator of VA emphasize:

Improving the efficiency of the centralized collection system operations in processing cash collection actions and in responding to inquiries from persons who have been overpaid.

Revising collection letters to provide full explanations of the overpayments, including the periods and rates involved, and to further reduce the interval between the first and second collection letters.

Revising award letters to refer to overpayments outstanding so that the individuals receiving them will be aware that subsequent benefits will be offset to recover outstanding overpayments.

Developing statistics that will provide comprehensive data on collection costs that can be compared to potential recoveries so that collection costs will not exceed recoveries.

Improving the timeliness of collection actions on special overpayments by decreasing the period special payments are held in suspense awaiting award actions.

Determining the feasibility of establishing an automatic crosschecking system for matching persons receiving compensation or pension benefits with their educational overpayment accounts so that collections can be accomplished by offset.

VA generally agreed with our findings as to the primary causes of overpayments. However, VA believes the percentages that we developed for these causes, which are based on our analysis of 135 sampled overpayment cases and only in the Los Angeles VA region, should not necessarily be considered as national figures or percentages since the statistical base for their development was so small.

We have no quarrel with VA's position. A broader sample covering more VA regions might produce more refined percentage figures; however, the basic underlying causes themselves would still remain the same—only their relative percentages might change. In conclusion, VA has stated that it will implement many of our recommendations as expediently as possible.

This concludes our statement, Mr. Chairman. We will be happy to respond to any questions the subcommittee might have.

Mr. MOTTL. Thank you very much, Mr. Ahart, for your outstanding statement.

Does the distinguished gentlewoman from Massachusetts have any questions of Mr. Ahart or his associates?

Mrs. HECKLER. Thank you.

On page 1 of your testimony you state that December 31, 1975, is the cutoff date for the data used in your report. However, you base most of your discussion on a study you conducted in the Los Angeles regional office during the first 5 months of 1975.

Is the report a year out of date in terms of the use and analysis of the Los Angeles data?

Mr. AHART. No; I do not believe so, Mrs. Heckler. The cutoff date we used for drawing our sample in Los Angeles was the latest data available at the time we started our study. The objective of analyzing the sample was to get a handle on what were the basic causes for the overpayments.

As I stated earlier, the percentages we came up with for the various causes may not be valid nationwide. They may vary somewhat. It may be that in a subsequent period during 1975 there may be a different relationship. But we used that sample to identify the basic causes and possible solutions to them.

In that sense the data was valid and still current.

Mrs. HECKLER. Why did you choose the 4-year sample of colleges and universities in the Los Angeles region? I understand 75 percent of the veterans enrolled in institutions of higher learning in California attend junior colleges that charge $7 a year tuition.

How can you make Los Angeles representative of all the regions of the country in terms of overpayments?

Mr. **Ahart.** The system we are dealing with is really a Federal system operating in conjunction with the schools so the causes of overpayment, whether they be in Los Angeles, the San Francisco area, or some place on the east coast, we would expect them to be about the same.

There are causes which relate to school reporting problems, veterans' reporting problems, as well as those that are systemic to the VA processing system.

We selected Los Angeles rather arbitrarily to check out this system to see what these problems were and what the potential solutions would be. We picked Los Angeles, quite frankly, because the people in our Los Angeles regional office had previous experience in dealing with these problems and knew more about it.

We wanted to limit our investment to only one area because we thought we could get a good handle on the problems by looking at a relatively small sample.

Mrs. **Heckler.** How many veterans are presently enrolled in the GI educational system? How many are receiving benefits?

Mr. **Ahart.** About 1.8 million veterans were in training as of February 29, 1976.

Mrs. **Heckler.** You selected a sample of 135 cases. Is that a statistically valid sample?

Mr. **Ahart.** The sample was randomly drawn from the cases at those six schools that were in an outstanding overpayment status at the end of 1974.

Yes; it would be representative of that universe.

Mrs. **Heckler.** Less than 1 percent of the region's overpayment cases?

Mr. **Ahart.** Less than 1 percent of the region's overpayment cases; yes. We felt it was a sufficient sample to identify the underlying causes of the problems and to track back through the system and identify what could be done about the problems.

Mrs. **Heckler.** Would less than 1 percent of the potential pool be considered a representative sample?

Is that a generally accepted yardstick?

Mr. **Ahart.** I would not want to make a statistical projection on the basis of our sample. I think it was valid for the purposes we used it for. It was 135 cases out of 8,000——

Mr. **Gareis.** 8,565 cases.

Mr. **Ahart.** In the six schools we looked at, it was a representative sample.

Mrs. **Heckler.** On pages 5 and 6 of your testimony you discuss the State approving agencies. The report of the House Appropriations Committee states that the loyalties of State approving agency employees usually lie with the State.

Do you think State approving agencies impede rather than assist the VA? Do you think the VA should consider handling approvals by itself?

If a State approving agency is loyal to the State and to state institutions such as colleges and universities, would you recommend that the VA provide State approving agencies with lists of rankings of schools with overpayments? Would this make any difference?

Mr. AHART. I neither reject it or accept it. I am not personally familiar with all the rationale that went on behind that. Mr. Peck may want to comment on your general question of whether we can expect the State approving agencies under the contracts with VA to pay attention to these things. My expectation would be yes. They would and they should.

They have a contractual obligation. There may be some conflict of interest that might influence the behavior with respect to State schools, particularly if the VA is in a posture where it is assessing the State schools for overpayments caused by their negligence.

I would approach it with good faith and expect them to carry out their responsibility.

Mr. Peck, do you have any comments on the broader implications of Mrs. Heckler's questions?

Mr. PECK. No; I do not.

Mr. AHART. Mr. Peck says he has no comment either.

Mrs. HECKLER. On page 14 of your testimony, you recommend that Congress reenact a postpayment system for VA benefits.

Do you think the overpayment situation is so out of control that administrative controls are inaccurate, that the only remedy under these circumstances is to return to the postpayment system?

Mr. AHART. This is an action we suggested for your consideration, recognizing there is a tradeoff that must be made between getting money to the veterans when they need it and the very difficult problems which overpayments cause for the veterans, the schools, and the Veterans' Administration.

This is going to be a value judgment which I would expect, in the final analysis, you people will need to come to grips with.

In our view, the strain that is presently on the VA system—the huge volume of overpayments and the need to go back and collect the money from the veterans—is one that is very serious. If it can be stopped with this kind of a change in the law, to go back to the pre-1972 system, we think it is worthy of very serious consideration on your part.

Mrs. HECKLER. Would you recommend the VA return to a term certification whereby a student would certify his or her attendance on a periodic basis, once a month, once a semester, once a quarter, or once a year?

Would that have value?

Mr. AHART. I would expect it would. Again, you would have to weigh the inconvenience to the veteran, going through the certification procedure, against the possible benefits.

The present system, if it operates properly, leaving aside for the moment the advance payment and prepayment problem, and if the veteran does promptly notify the school and the school promptly notifies VA of changes in status, should minimize the problem greatly without returning to the periodic recertification process.

Mrs. HECKLER. An undesirable alternative?

Mr. AHART. In the final analysis, if all these other things do not work, you may have to consider going back to that.

Mrs. HECKLER. What about the possibility of providing incentive for schools, a bonus payment of some kind to them for prompt reporting of the change in status, whether it be negative or positive for the schools?

Mr. AHART. At present, there is an incentive to them, kind of a mild incentive, in the sense that they do get $3 a year for every veteran and dependent enrolled. The schools get that whether or not they do a good job of reporting.

You also have the other incentive provision of the law the one that provides for assessing the school for the liability of overpayments caused by the school's negligence.

As I pointed out, this provision has been a very little used kind of "stick." You are suggesting, could you build a "carrot" into it?

Mrs. HECKLER. Right.

Mr. AHART. I guess there could be some way of doing it. We have not given any particular thought to it. The incentive system—stick or carrot approach—could help convince the schools that they have a very serious responsibility in this and give them some stake in the action to do a better job than they have been doing.

Mrs. HECKLER. Do you believe the VA's shifting of compliance survey functions from adjudication to the veteran services departments was a wise move? Is this really providing better oversight or is it more or less PR?

Mr. AHART. I am not personally familiar with it. I know they have been using the veterans' representatives on campus to do some of it, if that is what you are referring to, to do some of the work at other schools—schools at which they are not stationed at the present time.

I guess they are doing that because of the workload generated by the change of policy and the frequency of the compliance reviews.

At the present time, VA policy calls for an annual survey of every school that has more than 300 veterans in it, which number 991. They're doing a 25 percent sample of all the rest of them, a substantial increase in workload.

I am not sure what the rationale is for shifting the responsibility or bringing the vet reps in on the action.

Mrs. HECKLER. I was referring to the adjudication and veterans services areas of regional offices and will pursue the question later. To move on, we have an interest not only in responding to the causes of overpayments of such magnitude, but also in acquiring more nationally representative data, in order to have a more accurate figure in terms of the proportions of overpayment cases.

What other areas of the country would you want to look at?

Mr. AHART. I think if you wanted to get it down to a fine tune, you would have to have a stratified multiple stage sample of some kind.

Mrs. Heckler. I personally do not think it would be worth the effort to get these percentages refined down.

The main thing is to get some rough proportions assigned to the various kinds of causes and deal with the causes of the problem as opposed to trying to get too precise on how many dollars and where.

Mrs. HECKLER. Thank you very much, Mr. Chairman.

Mr. MOTTL. Thank you, Mrs. Heckler.

The distinguished gentleman from California. Do you have any questions of Mr. Ahart and his associates?

Mr. HANNAFORD. Yes, Mr. Chairman. Thank you. I commend you for a fine statement. It is hard to clarify these things. I am not familiar with the prepayment. Could you tell me how a veteran gets paid and what the distinguishing characteristics of that are?

Mr. Ahart. Under the 1972 law, Mr. Hannaford, VA switched from the situation where, under the previous program, the veteran would enroll in a school and at the end of his first month in school would get a check to cover his entitlement for that period.

In the 1972 legislation that was changed. The way it works now, the veteran, when he enrolls in school, makes his application to VA in advance. When he shows up for school the first day, a check for the remainder of the first month plus the next full month should be waiting for him at the school and delivered to him at that time.

For subsequent months the check is mailed to him at the beginning of the month. So if you enrolled, say, on September 15th, you should have the check waiting for you to cover the remaining part of September, plus your October entitlement, and then at the end of October he would get a check to cover your November entitlement.

Mr. Hannaford. Do you call advanced payments subsequent to the first month and a half prepayments?

Mr. Ahart. That is correct.

Mr. Hannaford. That does not make sense to me. What was the rationale at the time?

Mr. Ahart. The rationale of the Congress at the time,—these other gentlemen may be more familiar than I with the legislative history—was that veterans who came out of the military and went into school might not have the wherewithal to meet the relatively high payments or costs at the beginning of the school term.

Mr. Hannaford. Books and things of that sort?

Mr. Ahart. Books, other things, getting established in the community, whatever. This would be an aid and benefit to the veteran at that time.

The prepayment provision, I think, runs hand and glove with that. Once you make a larger payment first off, then to keep the money coming in, the prepayment system is used.

Mr. Hannaford. I must say we do not run the rest of the country that way. You wait until after the week is finished until payday.

What were the schools? Can I find that out? It is an embarrassing question. I am familiar with southern California.

Mr. Ahart. I do not think there is any problem with identifying the schools. We went to a junior college, which is named the Los Angeles Trade Technical School. The State University was California State College at Los Angeles. We also went to El Camino Junior College, Long Beach City College, a junior college, Moorpark Junior College, and the University of Southern California at Los Angeles.

Mr. Hannaford. Thank you.

The hardship cases to which you referred—are most of those payments eventually recovered?

Mr. Ahart. The hardship payments are probably more difficult to recover than the other, basically because they are put in suspense. If an overpayment occurs, the hardship payment or as it is now called, the special payment, is put in a suspense situation for two months before collection action is taken.

As most people know, in the collection business, the longer you wait to collect an overpayment, the harder it is to effect collection.

Probably among the most difficult overpayments to collect.

Mr. HANNAFORD. On page 2 you are discussing the growth in overpayments. You say $823 million discovered this year. Does that mean payments that were overpaid this year or past overpayments discovered this year?

Mr. AHART. This is our projection, on a straightline basis, based on the first 6 months of the year.

This is our projection of those that will be discovered during this year.

Mr. HANNAFORD. Overpaid this year and discovered. The reason I am asking is that the final figure you mention is more than a billion and a half since the fiscal year 1967.

The figure seems to be inadequate if you are talking about almost a billion dollars this year.

Mr. AHART. The amount of overpayments has been increasing rather dramatically. If you compare it with the $823 million figure, the figure from 1975 was considerably below that. It was $446 million in 1975. The experience of 1976 is getting near double from what the overpayments were in 1975. It is increasing rapidly.

Mr. HANNAFORD. I can see it is increasing rapidly, but the arithmetic does not add up to a total of a billion and a half.

I want to raise the question Ms. Heckler did regarding the efficacy of choosing this particular sample.

The nature of the junior college in California is such that on the average about 50 percent of the enrollees drop out. You have a situation here where there is a disincentive for the veteran to report his change in status because he is losing his income. There is a heavy disincentive for the school to report the change in status because it is paid by the State on an AVA basis. As soon as the change is reported, they lower their income.

You have a double disincentive there. There is no tuition. Ms. Heckler referred to a $7 fee. I think that is the student body fee that gets them into the football games cheaper or something like that.

There is no tuition whatever.

Four of your samples were based on the junior college experience. There is even a disincentive on the part of the teacher. The higher the dropout rate on the part of the teacher the worse he or she looks. They do not like to report a heavy drop-out rate early on in the semester.

You have a whole series of disincentives there. Then you have the State university system that has a relatively low tuition, so there is not much of an investment involved there in a higher dropout rate.

This is not to be derisive of these institutions because I think they are some of the finest anywhere. It's just the nature of them. That would give you quite an exaggerated picture, I think, of what the national figure is.

Thank you.

Mr. MOTTL. Thank you very much, Mr. Hannaford. The distinguished gentleman from New York, Mr. Walsh.

Do you have any questions?

Mr. WALSH. Thank you, Mr. Chairman.

On page 2 at the bottom of the page, and page 3 of your testimony you state the analysis of overpayments outstanding as of December 31, 1974, namely $166.3 million—we feel that about 73 percent, $121.6 million, were for persons who attend colleges and universities.

Then on page 8 of your report you talk about the colleges and the junior colleges, and it looks like 56 percent of those who attended those colleges had overpayments.

Why do the junior colleges contribute so significantly to this problem?

Mr. **Ahart.** I think perhaps, Mr. Walsh, some of the considerations Mr. Hannaford was relating would play a part in that. Probably not only in California but other parts of the country—even though California is a rather unique kind of a situation—the drop out rates, in and out kind of situations of the junior colleges, changes in training status would be somewhat more frequent than you would have in the 4-year university/college programs.

I would expect that this is part of it. I do not have convenient here the numbers of students or veterans that go to junior colleges as opposed to the 4-year colleges, but that may play a part in it as well.

Mr. **Walsh.** Were there any high-cost tuition institutions included in your study?

Mr. **Ahart.** The University of Southern California would be the highest cost, but since it is in the State of California it would not be the highest cost in the country.

Mr. **Walsh.** It seems to me if that student wants to rip off the Government, it seems he would enroll in a college where they have a $7 tuition fee. It would be easier for him to do that rather than having to lay out an excessive amount of money to begin with.

Do you feel that way about it?

Mr. **Ahart.** If I were a ripoff artist, I would be guided by those considerations.

Mr. **Walsh.** Please do not indict yourself.

Mr. **Ahart.** How I can get the most dollars with the least investment, certainly. I do not know what part of it is really the lack of good faith on the part of the veteran students. When you get involved in the advance payment portion of it and the prepayment portion of it, these are things that are largely beyond the control of the individual veteran, relays in processing on the part of the Veterans' Administration are beyond the control of the individual veteran.

The one responsibility they do have is to report promptly when there is a change in status. If I were involved in a pre-payment situation or an advanced payment situation, if I were a veteran who starts school September 15 and drops out the 16th, I already have the check. If I have already cashed and spent some of it, it is going to take VA a while to catch up with me and get it back. I really got it perhaps in good faith. It was not really in my control.

Mr. **Walsh.** To get back to the tuition cost again, it seems to me for this sample to be statistically valid we ought to do another study to include more of the high-cost institutions to see if the same percentage hold true for these higher cost institutions.

I realize that that is something that we have to be concerned with.

In your report on page 3 of your testimony, in the report itself you did not initially include special payments as a class of overpayments but yet in your final report you did.

Why was that?

Mr. Ahart. I am not sure I follow. In our report we did not include special payments.

Mr. Walsh. I understand in your report you did not initially include special payments as a class of overpayments. Why did you include special payments in your final report?

Mr. Ahart. Mr. Walsh, we included special payments in our report in the same context as we did in my testimony here this morning.

To the best of my knowledge.

Mr. Walsh. As I understand it, they were not included in the original discussion paper that you presented to the VA and that you added it at a later time.

Mr. Ahart. I understand that in a meeting with the Veterans' Administration in Los Angeles we may not have set that out as a separate category.

But we felt that it is a significant causative factor in this thing and thought it ought to be dealt with explicitly in the final report that went to the Congress. It certainly was.

Mr. Walsh. Certainly your testimony today indicates that it should be.

The report of the House Appropriations Committee states: "The investigative staff believes that the continuing high level of overpayments can be attributed in large part to the VA loss of control over its administration of the education program and abuses of the education program by students and institutions."

Would you agree with that?

Mr. Ahart. I think certainly those are three parts of it. The Veterans' Administration's administration of the program, the school's activity in the program, and the veterans in the program, are the three factors. Yes, you could attribute much of the total problem to those three factors that make the system go.

Mr. Walsh. Since this is the case and if you were ranking them for degree of failure or degree of guilt in this process, how would you assess the Veterans' Administration, the school, and the veteran himself?

I realize that this is really asking you to stick your neck out.

Mr. Ahart. The best answer to that, Mr. Walsh, is really the statistics we have based on our sample, that give, not precise, but rough proportions of how many dollars are attributed to different kinds of causes.

We came up with 41 percent, which was attributable to the combination of the schools' and the veterans' failure to report timely the changes in training status. 22 percent resulted from the special payment problem and VA's poor processing procedures. 21 percent related to the prepayment and advance payment provisions we talked about earlier, and the remaining 16 percent, to the kind of normal processing delays that take a certain amount of time to get the paperwork through and stop the checks.

That is a rough breakdown and one that would not hold precisely nationwide. But I think it is a reasonable indication of the proportion that each one of these factors should share the blame.

Mr. Walsh. Do we have to throw in a fourth category, the law?

Mr. Ahart. That is the prepayment and advance payment provisions, yes.

Mr. Walsh. You mentioned both the bona fide hardship and proven hardship.

How would you define those?

Mr. Ahart. I do not know what the difference would be between bona fide or proven. I think we use those in pretty much the same context.

What we are getting at here in terms of the advance payment situation and the special payment situation is, really, is there a valid need that the veteran has to get his money earlier than he would under the regular process? Is it such that he needs the wherewithal to buy lunches or to pay for books, or does he have a couple hundred dollars on hand that can tide him over until he gets a check through the regular process?

Every time you do something outside of the regular process, you tend to create the kinds of problems we talked about here this morning.

Mr. Walsh. I would guess then according to that definition just about any veteran would qualify for a proven hardship or bona fide hardship case.

Mr. Ahart. I really do not have any feel with how many of them would have enough money in their pockets to tide them over.

Mr. Walsh. Who is responsible for defining proven or bona fide hardship? Is that the school or the Veterans' Administration?

Mr. Ahart. In actual fact, the Veterans' Administration has dropped the term hardship altogether as it was used prior to July 1974. VA is calling them special payments now. A lot of these arise because of some delay in the process or the veteran was late in getting his application in. He has actually been in school, he will have been in school for awhile, having earned the advance payment, before normal processing could get his first benefit check out.

So VA overrides the system and gives him a special check to give him what he otherwise would have been entitled to. Then they try to offset that, when the regular payment routine goes into effect.

More in the category of special cases as opposed to a veteran saying, "I need the money today, I will not be able to go into school." There is an automatic routine if there is some delay in the regular mechanism.

Mr. Walsh. I am getting a little confused about this. Apparently you recommended that prepayments or special payments be limited only to cases of proven hardship. But again, I get back to who is going to define proven hardship.

Mr. Ahart. There would have to be some guidelines by the Veterans' Administration defining hardship.

Mr. Walsh. We did not have any at the special time.

Mr. Ahart. Only on matters of special payment as opposed to hardship. In hardship cases you depend on the veteran's decision. He decides whether he needs the check in advance as opposed to routinely furnishing it to him as VA does now without regard to whether he needs it or not.

Mr. Walsh. On the matter of the stop payment and the teletype system you described, that seems to be a rather effective way of doing it.

Why is it not used more often?

Mr. Ahart. Just a case here of the regional offices that have not been told to use it. They have the authority to use it. They have been told to use it in certain other kinds of programs. They have not been directed to use it in this program.

Mr. Walsh. This would be the responsibility of the Veterans' Administration to issue instructions to a regional office.

Mr. Ahart. Yes; they would have to issue instructions to regional offices saying in effect if you have a change notice which would cut off this veteran's payments, and you could not through the normal process stop the next check, put it on the teletype machine. Let us know and we will stop payment.

Mr. Walsh. The change you recommend in Public Law 92-540, what would that do to the veteran if we went to the postpayment system?

Mr. Ahart. Basically, as opposed to the situation now, where he gets the advance payment the day he shows up for school and prepayment at the beginning of each month after that, he would go to school, get a check at the end of the first month of his attendance and one following each month thereafter that he is enrolled in training. He gets the same amount of money. He will get it roughly a month later than he gets it today.

Mr. Walsh. Would this force them to go to a thrift institution or a commercial bank for a student loan?

Mr. Ahart. This would depend on his personal financial situation. We do have, as you know, several programs available through which both veterans and other people can get educational loans or get educational grants. There are a lot of different financial aid mechanisms that are being sponsored by both the Federal Government and State governments.

Mr. Walsh. You talk about the cost of collection. You made no assessment of the cost of collection?

I realize that this is an extremely difficult figure to come up with. I am aware, say in the case of a bankruptcy. If they collect 50 percent of the outstanding accounts, they feel that they are doing well.

Would you hazard a guess as to what the success of the collection system could be if it were pursued vigorously?

Mr. Ahart. We have not made any particular study of that. What we are suggesting here, you could certainly formulate some criteria which would say that if the amount owed is between $25 and $50, maybe the collection effort to be put into that would be to send a first and second collection letter notice. If you do not get it by then, do not try to spend, say, $100 to collect $35.

These are the kinds of criteria we are talking about.

Mr. Walsh. If you had your choice between ending the overpayment system as a recommendation or the recommendation of beefing up the collection system, which would you take?

Mr. Ahart. Our view would be, and the Veterans' Administration certainly shares this view, that the main focus here ought to be on getting at the causative factors that bring about the overpayment to begin with.

When you get an overpayment, it is not a favor to anyone. It is going to impact on the veteran who gets it. He may have spent it, he may have used it. He may have a hardship coming up with the money when the Veterans' Administration bills him for it. It is not a benefit to anyone.

The main focus ought to be to get rid of the causes of the overpayment, stopping them from occurring. For the residuals you cannot stop, an effective collections system is the proper answer.

Mr. WALSH. You make a lot of recommendations, Mr. Ahart, about the collection system and other recommendations as to possible cures of this problem.

One of the things you do not mention is penalties. Do you have any idea?

Mr. AHART. No. There are plenty of laws on the books for somebody who deliberately tries to defraud the Government. These are kind of tough cases to make. There certainly should be a penalty as far as the veterans are concerned. There is a provision in this law that we talked about that would penalize the schools for their negligence, where that could be shown by charging the schools with the liability for the overpayment.

Now beyond that I do not think we have any suggestions.

Mr. WALSH. There does not appear to be any responsibility placed on the veteran.

Mr. AHART. He has personal responsibility.

Mr. WALSH. What would you think of a penalty that provided in case of an overpayment that he does not return to the Government, that he be cut off from further benefits under the program until an investigation was made and concluded?

Mr. AHART. Mr. Walsh, in effect this is happening now, our suggestions go to this.

Let us say he is a veteran receiving a pension or compensation benefits of some kind. If you have the two systems tied together, it is a very simple matter to offset the educational overpayment against his next compensation payment. If he reapplies or gets back in school and applies for educational benefits, it's a simple process to offset the past overpayments against his current entitlement.

That is being done to a large extent under the present system for educational entitlement pretty much automatically.

Mr. WALSH. Thank you very much, Mr. Ahart.

Mr. Chairman, I have one other suggestion. I understand we are going to have officials from the Veterans' Administration before us next week. Are there any plans to bring in representatives of the colleges?

Mr. MOTTL. Yes.

Mr. WALSH. Fine. Thank you very much.

Mr. MOTTL. Thank you very much, Mr. Walsh.

The distinguished gentleman from Tennessee, Mr. Allen.

Mr. ALLEN. Thank you, Mr. Chairman. Mr. Ahart, is there any real reason why universities, colleges, and accredited schools for veterans under the VA program should not do the same type of accounting as a payroll clerk has to do for any institution for which he is working?

Mr. AHART. Certainly they have a responsibility, Mr. Allen. They do under the law.

Mr. ALLEN. Would it require any change in the law?

Mr. AHART. No; I do not think there is any need to change the law. They have the responsibility now to timely report all training status changes to the Veterans' Administration.

Mr. Allen. Mr. Ahart, I am not talking about change of status. I am talking about attendance records like a payroll clerk has to turn in.

I am talking about the college, at the end of every month, if that is the basis on which the payments are made, turning in the same as the payroll clerk does the various amounts due to the Federal Government or to General Motors. They do not pay out money until someone certifies that the money is due.

We are talking generalities. I want to see if we cannot come up with some specific recommendation to cure this very serious problem.

Mr. Mottl. Counsel has an answer for you.

Mr. Meadows. What you are saying gets to the immediate issue of what we did before 1972. Then we passed a law that has caused trouble. The programs that were used for World War II and Korea did almost precisely what you are suggesting.

They had a system where an individual did not get paid until someone had certified that he had done what he was supposed to do before he got paid. Then we switched off that system and created the problems that are described here.

Mr. Allen. Mr. Meadows and Mr. Ahart, even though the Congress does not change the law, abuses might at least be brought to an end at the end of the first month. If it comes to the attention of the Veterans' Administration that this man was paid last month and did not attend school, then the next month he should not get it.

At least you would reduce the losses by that method, would you not?

Mr. Ahart. You would reduce the losses, but you would create an administrative problem for the school similar to that before the change in the law.

My judgment would be the present mechanism with the exception of the prepayment provision and the advance payment provisions would be a workable system to get these schools to carry out their responsibilities to report changes in the training status of each individual veteran to the Veterans' Administration as soon as they were aware of it.

Mr. Allen. You have a basic conflict of interest in many cases between the schools and the Veterans' Administration. The schools want the money. The schools do not want to voluntarily cut themselves off from funds.

If they were required to turn in an attendance record, and perhaps at the end of every quarter or semester some type of report on what the student has done, then the Veterans' Administration would have some type of information on which they could determine whether or not to continue advanced payments or payments in arrears, either one.

At least it seems to me that such a program, whether you are going to continue the advanced payments or whether you are going to go back to the old law, it is needed and not just a general statement that the veteran has an obligation to notify the VA when and if he has a change in status.

If they had a definite date on which they had to make such reports to the Veterans' Administration and the student had to carry a card, for example, because he knew his payment was going to be due, and have his teachers and professors sign his attendance and so forth, some method to determine whether or not these people who are drawing the money are actually attending school—it does not seem to me as though that is an insurmountable job.

I used to do some accounting work for a number of people. I know if I saw a business that was conducted in a fashion that you describe here as the Veterans' Administration was conducting this program, I would not have a client because that client would be bankrupt.

It seems to me that we need a specific requirement. What I want to know, does the law have to be changed, or can the Veterans' Administration by separate legislation require it under present law?

Mr. Ahart. Going back to the system before the law was changed, yes; it would require a change in the law to go back to that system. But Congress, in its wisdom, has gone to this system, with provisions to penalize the schools if they are negligent. You can offset the conflict of interest you are talking about.

I think it is workable under the present system. The Congress in its wisdom could always go back to the previous system closer to the one you described. Certainly we had a much lesser problem of overpayments under that system than we do today.

Mr. Allen. I understand if we continue the prepayment business, we are certainly going to have more losses of overpayments than we have in any circumstances, even when you pay them in advance. It may be months before any notice goes to the Veterans' Administration that that student is not really attending classes or attending school.

I want to know even if we do not go back to the old system, if such a system is the same as a payroll timekeeper has to keep, would not be the answer to many of the problems you are talking about.

Mr. Meadows. Mr. Allen, I think the problem is that with this change in law, that the VA does not have now regulatory authority to require this kind of report you are suggesting as was used under the previous law.

Mr. Allen. This is the question I am asking. In other words, the Veterans' Administration does not have the regulatory power to require the universities and colleges and accredited trade schools and vocational schools to file such reports at the end of each month or so?

Mr. Meadows. I believe that is correct, coupled with another problem in practice that has developed. That is the growing practice of nonattendance requirements, not taking the roll in many, many schools.

The plain fact of the matter is these schools do not know whether these veterans are going or not.

Mr. Allen. This is the picture on up the line. It looks like a mess. It looks like it is up to us to straighten it out. I am delighted that the chairman has gotten into this hornet's nest and is willing to accept the stings and bites that are going to accompany this kind of effort to get at the bottom of our problem and to correct it because it certainly is not right. I am all for the veteran educational programs. I am not for any veteran, I am not for any trade school, I am not for any college ripping off the taxpayers and the Federal Government to any amount.

Approximately all $1.3 billion overpayments, how much is actually outstanding to date that has not been recovered?

Mr. Ahart. The outstanding amount today is something over $300 million.

Mr. Allen. Actually have recovered about 75 percent.

Mr. Ahart. It has been recovered, waived, compromised. I am not sure we have the breakdown on that but the outstanding amount of the $1.5 or $1.3 billion would be something over $300 million.

Mr. ALLEN. You are not saying that was paid off. You are simply saying that it has been adjusted or written off as bad accounts or something else?

Mr. AHART. The great bulk of it would have been recovered through outset of future benefit payments or actual recoveries. There would be some amount in there. We may not have the figures here.

Mr. Gareis says that 75 percent of that has been disposed of through actual recoveries.

Mr. ALLEN. I would like to have these figures to find out when they do make these overpayments, the chances we have of recovering the money based on the present system.

I think it is extremely important that we have that.

Mr. MOTTL. It will be supplied to us.

Mr. ALLEN. Thank you, Mr. Chairman.

Mr. MOTTL. Thank you, Mr. Allen, for your questions.

I want to compliment Mr. Ahart and Mr. Gareis and Mr. Pack.

As I said before the hearings, I wanted you to let it all hang out and you responded very well. If I may conclude with a few questions to crystalize where we are headed at this point.

Again, let the chips fall where they may in your responses. I think you have done a good job in highlighting the scandalous programs that has been going on.

There are basically four areas, as I understand it, four partners, if it could be called culpable, in their contribution to the overpayment problem.

First of all, Congress, the Veterans' Administration, the educational institutions, and the veteran, the unscrupulous veteran.

We know the vast majority of veterans have done a good job with this problem. There have been a few, quite a few, that have enlisted themselves in the so-called ripoff.

Let us hear the Congress first of all. Basically, it is your position, Mr. Ahart, and your associates', that we should change the law. It is my understanding that the law was enacted in 1972, it's basically the administration and the Senate's idea, as I look at the legislative history that came about with this change. The Congress at that time was well intentioned. They wanted to give a helping hand to the needy veteran to get the money to them sooner.

Really, that should be changed in your opinion, if I understand you.

Mr. AHART. Our recommendation is that it be given serious consideration, Mr. Chairman. We are not in a position to make a value judgment. The value judgment you must make.

Certainly there is some benefit to veterans through advanced payment and prepayment. You have to weigh the benefit against the very difficult problems it causes to the Veterans' Administration and the veterans because of the large amounts of overpayments that those two provisions tend to generate.

If I were to make the judgment I would probably change the law. But this is a judgment you people must reach. We are suggesting you give it serious consideration.

Mr. MOTTL. How would you respond to the suggestion if we were to revert back to the old law, payment at the end of the month, but set up careful criteria for the Veterans' Administration either by regulation or by law, so the special or hardship payment could be readily available if the veteran could assure the administration they were in dire need of funds in advance.

So that there would be this combination where the law would be reverted back to the old law, postpayment, but with ample safeguards built in for the special or the hardship payment.

Mr. AHART. That would certainly be an attempt to give due consideration to both parts of the problem. The equity is on both sides.

I do not think a mere hardship payment type operation would do it. In those situations you are really giving the various moneys before it would otherwise be due him.

In the old payment system, if you entered school the first of October, you would not get it until the end of October. If you really needed the money the first of October, you were giving the veteran money before it was due him, as opposed to the present hardship payment system that tries to give it to him as soon after it is due as is possible.

Mr. MOTTL. Along with that prepayment or special payment, it is my understanding under the new law basically the veteran gets $540 minimum to start off rather than $270. He gets a double payment, basically.

Mr. AHART. Up to $540. One month entitlement, $270, plus whatever portion of the additional month to bring him up to the regular payment date.

Mr. MOTTL. He could enroll in class, drop out the next day, and get $540.

Mr. AHART. That is correct.

Mr. MOTTL. Let us look at the Veterans' Administration. How would you characterize since 1966, 1967, when this new program started, the operation of the Veterans' Administration in administering this program?

Mr. AHART. As our report indicates, we do not think their administration is up to what it should have been. VA's failure to adopt some recommendations we previously made to get at some of these problems and take quicker action—we would fault them for—we would have to couple that with the recognition that they did have a very quickly increasing veterans population in schools, and couple that with the changes in the law that made their problems of administration, particularly the overpayment problem, much more difficult.

Mr. Gareis has a summary here. He may like to present this for your edification.

Mr. MOTTL. Go ahead.

Mr. GAREIS. This is from the March 1975 internal task force study report the VA made on the overpayment problem and it is more or less a statement of their conclusion regarding the whole problem.

I would like to read it for you.

> Legislation and VA policy have reduced many of the rigid controls, which have kept overpayments to a minimum, to insure a continuance of payments to students until a valid overpayment is established. It must be recognized that the lifting of payment bars and reducing the frequency of "Certifications" will cost in terms of increased overpayments, some of which will never be recovered. Compounding this situation is the fact that the VA can do very little in assuring the beneficiaries and institutions will, or even can, promptly notify the VA of changes in training status. The trick is to provide the best service to the veterans and at least recognize the "price" that we must pay and do what we can to minimize the "price" through better collection procedures and operations.

The price that the VA is presently paying in terms of overpayments is sizable. Education accounts receivable increased over four-fold in FY 1973 over FY 1972, and almost doubled in FY 1974 * * * [over] FY 1973. VA's recovery of overpayments and offsets, although impressive, are not keeping pace with the number of receivables established. As a result the accounts on hand grow and age.

Mr. MOTTL. Thank you, Mr. Gareis.

Mr. Walsh pointed out before, and through your testimony, Mr. Ahart, that you had suggested that the teletype from the institution to the Veterans' Administration, when a person ceases to be on a school roster, they have not implemented that, have they?

Mr. AHART. There has been some use of it by some of the various offices, but they have not given direction in all cases where it is appropriate. That should be done. That could minimize the problem considerably.

Mr. MOTTL. Let us look at the educational institutions as far as their culpability in compounding this program.

It is my understanding that 56 percent of the educational institutions are junior or community colleges. As was brought up by Mr. Walsh or Mr. Hannaford, it is the low-cost institution that basically does not do the job in notifying the Veterans' Administration as to the termination of the veterans training program.

Is that correct?

Mr. AHART. The junior colleges, that segment is a large part of the overpayment problem.

Let us give you a breakdown so we will all understand. We are only talking now of colleges and universities that make up 73 percent of the overpayment problem. The other 27 percent would be the trade schools and so on.

Of the universities and colleges, about 40 percent of the overpayment problem is caused by universities. Only about four-tenths of a percent is caused by the medical school component. Teacher colleges is less than 3 percent. The remaining 56 percent, almost 57 percent, of the problem is the junior college segment of the college and university sector.

Mr. MOTTL. Based on your experience in investigation, would you say it is negligence on the part of the institution or is there criminal intent, intent on their part to keep these veterans on their rolls so they might get a contribution from their State or their community as far as additional money to come to the institution?

Mr. AHART. We would characterize it as negligence on their part. We do not have any particular feel. It would depend on what the State mechanism is for putting moneys into State, junior, and community colleges as to what incentives it might give them for keeping the average daily attendance figures inflated.

Mr. MOTTL. There is on the statute books now, to the best of my knowledge, a provision where the institution, if they are negligent or intentionally not report to the Veterans Administration, that a person has been terminated or not attending class, that they are liable.

Why that has not been used as far as putting the educational institution on the ball—if they have to pay out money out of their own pockets, they may be more responsible.

Mr. AHART. We think that would be a motivating factor if they were assessed the liability as provided under present law.

As I indicated, that has been used to a very limited extent. The Veterans Administration did issue a directive and emphasized to the regional offices, their responsibility to assess these penalties where the overpayment resulted from the negligence on the part of the school—in the one area we checked out, the Los Angeles VA regional office area—as of the end of the calendar year, it was still not assessing penalties against schools in that region. There is certainly something provided in the law to offset the kind of incentives the school might have—something the VA should take seriously, enforce, assess the penalties, and offset whatever disincentives the school might have now to delay reporting for their own benefit.

Mr. MOTTL. Lastly but not least, let us look at the veterans' culpability.

Have there been any veterans prosecuted? This might be classified as white-collar crime, the so-called ripoff by a few of our unscrupulous veterans in taking these moneys that they are really not entitled to.

Has it been turned over to the Justice Department? Have there been any prosecutions?

This would be a great deterrence if there were a few prosecutions.

Mr. AHART. I do not think that we have any special knowledge on it. Mr. Gareis tells me there is an investigation going on in the Chicago area now that involves some 500 veterans.

I do not think we can be responsive to your overall question as to how frequently veterans have been prosecuted for abuse of this program.

Mr. MOTTL. Again, I would like to thank you, Mr. Ahart, Mr. Garais, Mr. Peck, for your fine presentation. I think you were extremely helpful to the subcommittee. All of us on the subcommittee want to do our utmost to come up with remedial legislation and recommendations as to how we can cure this ridiculous overpayment problem.

Are there any other comments?

If not, the subcommittee will stand adjourned until next Tuesday when we will have the Veterans Administration here to testify. Without objection, the report to the Congress by the Comptroller General of the United States, dated March 19, 1976, and entitled "Educational Assistance Overpayments, A Billion-Dollar Problem—A Look at the Causes, the Solutions, and Collection Efforts, Veterans Administration," will be placed in the record at this point.

[Whereupon, at 11:50 a.m., the subcommittee adjourned, to reconvene on Tuesday, April 13, 1976, at 10 a.m.]

REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

Educational Assistance Overpayments, A Billion Dollar Problem--A Look At The Causes, Solutions, And Collection Efforts

Veterans Administration

In the 9-1/2-year period ended December 31, 1975, VA made almost $1.4 billion in educational assistance overpayments to veterans and dependents. If current trends continue, overpayments in fiscal year 1976 alone could total more than $800 million. VA's collection system is not keeping up with the overpayments. As a result, those remaining uncollected at June 30, 1976, could total more than $375 million.

To halt the escalating trend of overpayments, VA needs to act immediately to assure timely reporting of program status changes by students and schools, improve its payment processing procedures, and be more selective in granting special payments to students. Also, the Congress may have to reconsider the assistance payment law.

MWD-76-109 MARCH 19,1976

1736

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114859

To the President of the Senate and the
Speaker of the House of Representatives

In recent years the number and amounts of overpayments made to veterans and to dependents of disabled or deceased veterans under the Veterans Administration's educational assistance programs have increased dramatically. We reviewed these overpayments to determine the underlying causes, identify some solutions, and assess the agency's collection efforts.

To issue this report in time for the Senate and House Appropriations Committees' hearings on the Veterans Administration's fiscal year 1977 budget submission, we obtained oral comments on the report in a meeting with agency officials on March 15, 1976. Their comments are summarized in chapter 7. The agency's formal written comments were later received and are included as appendix I.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing [illegible] of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Administrator of Veterans Affairs.

Elmer B. Staats

Comptroller General
of the United States

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ABBREVIATIONS

GAO	General Accounting Office
VA	Veterans Administration

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

EDUCATIONAL ASSISTANCE OVERPAYMENTS, A BILLION DOLLAR PROBLEM-- A LOOK AT THE CAUSES, SOLUTIONS, AND COLLECTION EFFORTS

Veterans Administration

DIGEST

Overpayments to veterans and veterans' dependents under the Veterans Administration's (VA's) educational assistance programs have increased dramatically in recent years. As of December 31, 1975, cumulative overpayments totaled almost $1.4 billion, of which $446 million was overpaid in fiscal year 1975 and $412 million in the first 6 months of fiscal year 1976.

In fiscal year 1967, overpayments represented 0.7 percent of VA's total educational benefits paid, whereas in the first 6 months of fiscal year 1976, overpayments represented 15.6 percent of total benefits paid. (See p. 6.)

In October 1972, the Congress enacted the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (Public Law 92-540). The act provided for the advance payment of educational benefits at the start of an enrollment period and monthly prepayment of subsequent benefits during the enrollment period. Monthly prepayments started in November 1972, and the advance payments in August 1973.

GAO, in analyzing the problem in Los Angeles, found the following three primary causes of overpayments.

--41 percent result from veteran and school delays in reporting training changes, such as dropping classes or withdrawing from school. (See ch. 3.)

--22 percent result from the issuance of special payments and poor VA processing practices. (See ch. 4.)

--21 percent result from the prepayment and advance payment provisions of the VA educational assistance law. (See ch. 5.)

The other 16 percent of the overpayments result from normal processing requirements, part of which can also be avoided. (See ch. 4.)

To alleviate the overpayment problems, VA should:

--Notify veterans of their obligation to report training status changes promptly. (See p. 9.)

--Increase guidance and assistance to schools and step up compliance surveys. (See p. 11.)

--Provide State approving agencies with more guidance on the overpayment problem and supply them with data to show which schools have overpayments. (See p. 13.)

--More frequently assess schools with liability for overpayments caused by their negligent reporting of students' changes in training status. (See p. 14.)

--Reevaluate reporting fees paid to schools to insure that schools are appropriately reimbursed for required reporting. (See p. 15.)

--Increase the involvement of VA on-campus personnel, such as veteran representatives and work-study veterans, to help schools solve their reporting problems. (See p. 16.)

--Implement GAO's prior recommendation to automate the processing of veteran training status changes, thereby reducing delays which result in overpayments. At the VA Los Angeles regional office alone, as much as 11 percent of the overpayments and $1.4 million in administrative expenses could have been avoided between July 1972 and December 1974. (See p. 19.)

- --Reduce the reliance on and use of special benefit payments which bypass standard computer screening controls intended to prevent overpayments. (See p. 21.)

- --Increase the use of teletype transmissions of stop-payment notices to prevent overpayments. (See p. 23.)

VA needs to act quickly on GAO's recommendations; however, the Congress also may have to reconsider the merits of prepaying veterans for training, as authorized under Public Law 92-540, and return to a post-payment system for educational benefits. (See p. 26.)

Overpayments remaining uncollected have also increased dramatically, from $8.4 million at June 30, 1970, to $298 million at December 31, 1975. (See ch. 6.)

VA should improve collection actions by

- --revising collection letters (see p. 34),

- --taking faster action to collect (see p. 35), and

- --establishing an automatic cross-checking system for matching veterans receiving benefit payments under other programs so that collections can be accomplished by offset (see p. 36).

VA did not disagree witn GAO's findings on the causes of overpayments and is taking actions toward solving these problems. (See ch. 7.)

CHAPTER 1

INTRODUCTION

The Veterans Administration's (VA's) educational assistance programs provide financial assistance to veterans and eligible dependents for tuition and other general living expenses while in training (38 U.S.C., Ch. 31, 34, and 35).

The programs have grown considerably since their inception. For example, in fiscal year 1967, its first full year of operation, the Veterans Educational Assistance Program (38 U.S.C., Ch. 34)--by far the largest of three VA assistance programs--provided about $305 million in assistance to less than 500,000 veterans and service personnel. During fiscal year 1975 VA disbursed $4.2 billion in educational assistance to some 2.7 million veterans and service personnel. In 1967 the minimum monthly rate for a veteran with no dependents attending a full-time education program at a college or university was $100. The same veteran today would receive $270 monthly.

To improve the timeliness of benefit payments and services to veterans and other eligible persons in training, the Congress enacted legislation in October 1972 (Public Law 92-540) to provide initial advance payment--up to 2 months of assistance at the start of each school year--and prepayment of regular monthly benefits.

PROGRAM ADMINISTRATION

VA administers the educational assistance programs through the Department of Veterans Benefits at its central office in Washington, D.C., which is supported by 58 regional offices. Two centralized support groups also help administer the programs--a data processing center at Hines, Illinois, and a Centralized Accounts Receivable System at St. Paul, Minnesota.

The Hines data processing center maintains a computerized master record file for each veteran, serviceman, and dependent who has received or is receiving educational assistance. This file includes data on eligibility, entitlement, and benefit payments. The regional offices provide most of the basic data for the Hines computer files. Individual case files with source documents are maintained at the regional offices. A master payment tape, also maintained at Hines, shows the amount of monthly benefit payment for each individual.

VA's Centralized Accounts Receivable System, which became fully operational in January 1975, is a computer-supported system for centralized cash collection of all educational assistance overpayments from persons who have terminated their training. In establishing the system, VA anticipated reducing manpower and other administrative costs by centralizing and automating functions previously performed manually at the regional offices.

VA also contracts with State approving agencies in each State to act as its agents in approving schools and courses for VA benefits and to annually evaluate approved schools on such things as curriculum, course instruction, grading policy, conduct, and reporting systems. VA paid State agencies about $11.1 million for these services in fiscal year 1975, and expects to pay about $13.9 million and $14.7 million in fiscal years 1976 and 1977, respectively.

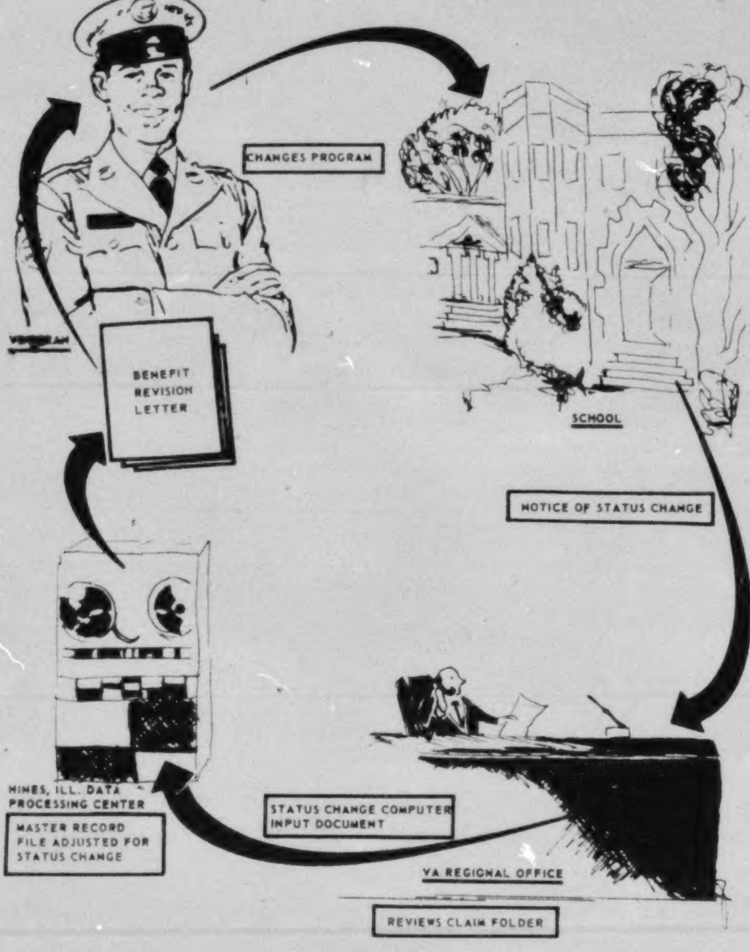
GENERAL REPORTING PROCEDURES FOR VETERAN STATUS CHANGES

The amount of an individual's monthly VA educational assistance payment is partly determined by his or her current course load. Therefore, once enrolled in school, an individual making any change in training status, such as adding or dropping courses or terminating enrollment, must report this promptly to VA.

The enrolled individuals themselves and the school officials serving as certifying officers are responsible for reporting these changes. The general reporting process for training status changes, which starts with the enrolled individual, is illustrated by the chart on the following page.

The veteran (or enrolled dependent) is the first link in the reporting chain. His prompt action is essential to timely reporting. However, if the veteran neglects to report changes to school officials, the school is still responsible for promptly identifying and reporting these changes to VA. For this and other services, VA reimburses schools through a $3 annual reporting fee for each enrolled veteran or dependent.

STATUS CHANGE REPORTING PROCESS


VETERAN
CHANGES PROGRAM
SCHOOL
NOTICE OF STATUS CHANGE
VA REGIONAL OFFICE
REVIEWS CLAIM FOLDER
STATUS CHANGE COMPUTER INPUT DOCUMENT
HINES, ILL. DATA PROCESSING CENTER
MASTER RECORD FILE ADJUSTED FOR STATUS CHANGE
BENEFIT REVISION LETTER

CHAPTER 2

OVERVIEW AND PRINCIPAL CAUSES OF OVERPAYMENTS PROBLEM

Overpayments were only a minor problem in VA's administration of its educational assistance programs before fiscal year 1973. In recent years, however, educational assistance overpayments have increased dramatically, posing a serious problem requiring immediate action by both VA and the Congress.

During the 6-year period ended June 30, 1972, cumulative overpayments discovered by VA totaled $128 million. However in the following 3 1/2 years, VA discovered additional overpayments totaling about $1.3 billion.

The primary cause of the growing overpayment problem, according to our review in VA's Los Angeles region, has been the untimely reporting to VA of enrolled individuals' training status changes that reduce or terminate their monthly educational assistance payments. Also directly contributing to the overpayments are VA processing problems and congressionally authorized multiple-month advance payments and monthly prepayments of educational assistance benefits. Opportunities for improvements in these areas are discussed later in this report.

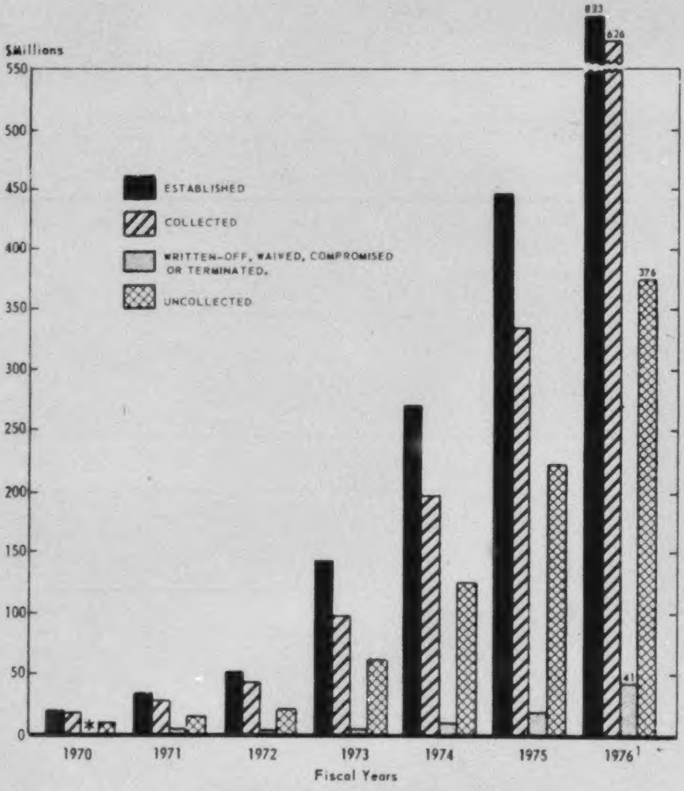
Despite VA's efforts to centralize its collection procedures, the amount of overpayments outstanding continues to grow at an alarming rate. As of December 31, 1975, overpayments outstanding total $298.2 million, an increase of $78 million (35 percent) in just 6 months. If this rate of increase continues during the second half of the fiscal year, overpayments outstanding will total $376 million at June 30, 1976. Needed improvements in VA's collection efforts are discussed in chapter 6.

As long as the $298.2 million remains outstanding, it will be unavailable to VA in making educational assistance payments to eligible persons. In the current fiscal year, VA has had to request an additional $2 billion, above its original appropriation request of $4.2 billion, for educational assistance payments under chapters 31, 34, and 35 of title 38. Part of that $2 billion might not have been needed had the $298.2 million in overpayments been available. Of the $2 billion requested by VA, $800 million is currently pending in the Congress.

GROWTH IN OVERPAYMENTS

The graph below shows the dramatic growth in overpayments during fiscal years 1970-76.

EDUCATIONAL ASSISTANCE OVERPAYMENTS



[1] TOTALS FOR FISCAL YEAR 1976 ARE ESTIMATES BASED ON A PROJECTION OF OVERPAYMENT ACTIVITY AT THE SAME RATES AS ACTUALLY EXPERIENCED IN THE FIRST 6 MONTHS OF FISCAL YEAR 1976

* $731,029

As the chart shows, overpayments are outstripping collections each year, resulting in an ever-increasing balance. On the basis of data for the first 6 months of fiscal year 1976, we estimate that overpayments established in the entire fiscal year may reach $823 million, an increase of more than $375 million over fiscal year 1975. During fiscal years 1970-75, identified overpayments increased about 2,400 percent, while veterans in training increased 118 percent and total educational assistance benefits paid to veterans increased 326 percent.

In addition, overpayments represent an increasing percentage of total assistance benefits paid out by VA, as indicated in the following table.

Fiscal year	Benefits paid	Overpayments identified	Percent
	(millions)		
1967	$ 305	$ 2.0	0.7
1968	467	7.9	1.7
1969	689	16.3	2.4
1970	1,033	17.9	1.7
1971	1,657	33.0	2.0
1972	1,960	50.8	2.6
1973	2,726	142.4	5.2
1974	3,252	269.0	8.3
1975	4,401	446.3	10.1
a/1976	2,634	411.7	15.6

a/July to December 1975.

According to our analysis of the total overpayments outstanding nationwide as of December 31, 1974, about 73 percent were for veterans who attended colleges and universities. The remaining 27 percent were attributable to veterans who attended vocational, trade, and other below-college-level training institutions. This report focuses on overpayment problems concerning veterans who attended colleges and universities, although many factors influencing overpayments at these institutions would also apply to below-college-level training institutions.

CAUSES OF OVERPAYMENTS

To identify and attempt to understand the underlying causes of educational assistance overpayments, we analyzed a random sample of 135 overpayment cases, totaling $64,115 in overpayments, selected from 6 colleges and universities in the Los Angeles area. Each case was analyzed to identify specific causes for all or part of the overpayment.

The following schedule summarizes the overpayment causes.

Cause of overpayment	Over-payment amount	Percent
Veterans and schools:		
Delays in reporting training status changes	$26,640	41
VA:		
Advance payments and prepayments of benefits	13,332	21
Processing delays or errors	7,418	12
Special payments	6,453	10
Schools and VA:		
Normal processing time	10,272	16
Total	$64,115	100

The six schools selected accounted for about 17 percent of the $21 million in overpayments outstanding on December 31, 1974, for VA's Los Angeles regional office, the office with the largest workload in the VA system. Four of the six schools had the four largest overpayment balances outstanding against veterans in the Los Angeles region. The other two schools were selected because of their relatively moderate balances of overpayments outstanding. The six schools, in order of outstanding balances, are shown below.

School	Total over-payments outstanding	Number of over-payments	Average amount of over-payment	Cases sampled	Over-payment amount
Junior college-A	$1,042,384	2,090	$499	30	$18,546
State university	800,000	2,062	388	38	17,032
Junior college-B	736,970	2,012	366	25	10,469
Junior college-C	594,288	1,345	442	15	6,047
Junior college-D	251,374	616	408	13	5,434
Private university	160,324	440	364	14	6,587
Total	$3,585,340	8,565	419	135	$64,115

Four of the six schools are junior colleges. Nationwide, as of December 31, 1974, junior colleges accounted for over 56 percent of the total overpayments made to persons who attended colleges and universities.

The following examples show how we determined the causes of the overpayments in analyzing our sample cases.

Case description	Cause	Overpayment period	Overpayment amount
Veteran dropped from school on 11/30/74. School forwarded notification to VA on same day. VA received it on 12/2/74. By this date, veteran had already received December prepayment of $270.	Prepayment law	12/1-31/74	$ 270
Veteran was overpaid $894 for 9/11/74 through 1/31/75. Veteran never attended school. School sent VA notification on 10/9/74; VA received it on 10/10/74. By this date, veteran had been paid $315 from advance payment. However, VA did not complete processing this case until 12/30/74. Consequently, veteran received November, December, and January payments.	Advance payment law	9/11/74-10/30/74	$ 315
	VA delays or errors	11/1/74-1/31/75	579
			$ 894
Veteran dropped from school on 2/28/74. He was overpaid $1,095 for period 3/1/74 through 6/14/74, the end of school term. School sent VA notification on 7/4/74; VA received it on 7/9/74 and processed it by 8/5/74. Even if school had processed notice promptly, the March prepayment could not have been avoided. Since school did not discover veteran's termination until after the school term, April, May, and June overpayments are due to veteran/school delay in reporting.	Prepayment law	3/1-31/74	$ 316
	Veteran/school delay	4/1/74-6/14/74	779
			$1,095
Veteran was overpaid $550 for 9/16/74 through 11/30/74 by special payment. VA received a revised notice of enrollment from the school which regional office personnel assumed was a late notice of enrollment, and they processed a special payment for $550. Veteran had been receiving benefit payments during the period and, when special payment transaction was processed against the Hines data center's master record, the special payment was automatically converted to an overpayment.	Special payment	9/16/74-11/30/74	$ 550

CHAPTER 3

VETERANS AND SCHOOLS NEED TO REPORT TRAINING STATUS CHANGES MORE QUICKLY

Veterans and the schools they attend share responsibility for reporting training status changes to VA in a timely manner. About 41 percent of the overpayment amounts in the cases sampled resulted because veterans and schools had not promptly reported changes in status. VA and the State approving agencies, as well as the veterans and schools, could improve the timeliness of status change reporting and thereby reduce the incidence of overpayments.

UNTIMELY REPORTING OF STATUS CHANGES

From available records at the schools and VA's Los Angeles regional office, we determined that an average of about 67 days elapsed from the effective date of a status change to the date VA was notified. Listed below are the average, median, and range of elapsed days for each of the six schools visited.

School	Elapsed days		
	Average	Median	Range
Private university	100.0	80.0	5 -235
Junior college-C	95.7	70.0	10 -225
Junior college-B	71.4	67.0	a/(4)-141
Junior college-A	70.6	69.0	3 -127
State university	50.6	41.0	a/(12)-248
Junior college-D	49.3	46.5	4 -113
Overall average	67.2	54.0	6 -181

a/Negative days occurred in cases about which VA was notified before the effective date of the status change.

The variances among the schools in the average and median elapsed days were due in part to the schools' different reporting systems. If veterans failed to notify veteran affairs personnel 1/ of training status changes at these schools, the changes would show up in school records and reports at different times during the school year. For example:

1/School employees responsible for certifying school attendance and processing paperwork on veterans.

- --Two schools would generally not detect training status changes until the end of the school year (June), when grade reports were made available to veteran affairs personnel.
- --Two schools would generally discover these status changes at the end of each semester, when grade reports or computer listings were made available to veteran affairs personnel.
- --Another school would generally detect the changes at the middle or the end of the semester, when computer lists were published.
- --One school would identify the changes at the end of each month, when computer lists were generated.

Even when these schools detected unreported training status changes, further delays would sometimes occur while school officials verified the changes with instructors or the veterans.

According to several school officials, veterans often fail to notify veteran affairs personnel of training status changes that reduce or terminate their assistance payments, but most veterans promptly report status changes that increase their benefits. We noted that, in mailing out the November 1975 benefit checks, VA included with each check a notice to veterans of their obligation to promptly report all status changes. VA officials said a similar notice will be included with the March 1976 benefit checks.

WAYS TO IMPROVE VETERAN/SCHOOL REPORTING

VA can improve school and veteran reporting of training status changes by

- --increasing and improving VA's compliance surveys at schools,
- --providing more guidance to State approving agencies that oversee school operations for VA,
- --increasingly using its authority to assess overpayments against schools that are negligent in reporting status changes,
- --reevaluating VA's reporting fees to schools, and
- --increasingly using on-campus VA personnel in reporting.

Improvements needed in VA's compliance surveys at schools

VA's regional offices have compliance survey specialists who visit selected schools to verify and insure the propriety of educational assistance payments to veterans. The specialists have a preselected sample of up to 50 cases of persons who had received VA benefits while attending the school under survey. These cases, selected without regard to whether they involve overpayments, are verified with school records to insure the accuracy and validity of benefit payments.

Although colleges and universities accounted for 73 percent of all educational assistance overpayments, compliance surveys at these institutions before February 1974 were made only on a "specific need" basis. VA's survey efforts were directed primarily at schools below the college level. During fiscal years 1970-75, the number of colleges and universities surveyed by VA were as follows:

1970	299
1971	236
1972	88
1973	60
1974	127
1975	467

According to VA, the low figures for fiscal years 1972 and 1973 reflect VA's focus on below-college-level schools in those years.

In February 1974, however, VA revised its regulations to specifically require regional offices to perform compliance surveys annually at 25 percent of the colleges and universities with 300 or more eligible persons. As a result, compliance surveys at these schools in fiscal year 1975 increased to 467, about three times that of the previous year. In December 1975, VA further revised the time schedule for compliance surveys to require that all colleges and universities with 300 or more eligible persons and 25 percent of schools with less than 300 be surveyed annually. As of April 30, 1975, only 991 colleges and universities nationwide had 300 or more eligible persons, while 3,888 colleges and universities had less than 300. On the basis of these figures, VA has estimated that its regional offices will be required to make compliance surveys at more than 1,950 colleges and universities in fiscal year 1976.

During fiscal year 1975, each of the four schools with the highest overpayment balances in Los Angeles were surveyed. However, despite the high overpayments and the delays we noted in status change reporting at all four schools (see pp. 7 and 9), the survey reports concluded that the schools were generally in compliance with VA reporting requirements. According to officials at these four schools, the compliance specialists did not evaluate their reporting procedures nor suggest improvements to the reporting systems during the surveys. They said no formal written reports regarding the survey teams' findings were issued to the schools.

VA's Los Angeles regional office compliance specialists acknowledged that, unless they found serious deficiencies in the propriety of assistance payments when verifying sample cases with school records, reporting procedures generally were not evaluated. VA regional office supervisory officials added that VA generally has to accept school reporting procedures if those procedures are used for all students, since VA cannot require schools to adopt special reporting procedures for veterans.

During our visits, however, we discussed with school officials the following modifications in reporting procedures that would improve reporting compliance without greatly changing schools' policies.

--Two schools had monthly computer lists of courses added and dropped by students. With a slight computer programing change to mark with an asterisk veterans on these lists, both schools could quickly identify training status changes from the lists. Without these symbols, identifying veterans manually was almost an administrative impossibility because of the large numbers of students. This modification could speed up reporting as much as several months at one school.

--A school that did not have computer lists could establish a manual procedure to require students receiving VA assistance payments to clear through the on-campus veteran affairs office before processing training status changes through the registrar's office.

School officials said these suggestions would be evaluated for implementation during the next school term.

In addition to the six schools from which our sample of 135 overpayment cases was selected, we visited another school in the Los Angeles region which, in October 1975, established a special computer program to provide weekly listings of veterans with training status changes along with computer-generated status change forms to submit to VA. According to school officials, the computer programing costs were $700 and the annual operating costs were estimated at $690. While these cost figures were for only one school and were not audited, they indicate that the costs of improving school reporting procedures through increased use of school computer facilities might be relatively low.

With its limited resources for compliance surveys, VA also could focus its attention on the major sources of overpayments. About 22 percent of the colleges and universities nationwide accounted for about $114 million of $166 million (more than 68 percent) of the overpayments outstanding as of December 31, 1974. Consequently, VA could concentrate compliance survey efforts at about one-fifth of the schools and thus attack reporting problems that contribute to 68 percent of the overpayments.

State approving agencies need more guidance on overpayment problems

VA contracts with State approving agencies across the country to review school credentials and performance. This review includes the schools' reporting to VA training status changes. The agencies are required to report any discrepancies and problems to the VA. VA relies on the agencies to evaluate school courses, curriculum, grading policies, and rules of operation and conduct. On the basis of these evaluations, VA approves the payment of benefits to eligible persons attending these schools.

Los Angeles regional officials said they rely heavily on State approving agencies to evaluate school procedures for reporting training status changes, but State agency officials we contacted said they generally do not have time to evaluate these procedures. They added, however, that if they knew of significant overpayment problems at a particular school, they could consider such a review.

In our opinion, VA should provide State approving agencies with periodic lists of the relative ranking of schools in terms of overpayments. This would help these agencies in identifying and concentrating their efforts at schools with poor reporting practices. In a June 30, 1970, letter report to the Deputy Administrator of VA on our review of State approving agency activities, we recommended that such a list be provided to the approving agencies, in addition to schools and regional offices. The VA central office agreed with our recommendations and said the list would be provided to State approving agencies. VA issued the list to its regional offices for over 2 years (from March 1971 through September 1973), but did not send it to approving agencies or schools.

VA needs to increase assessments of overpayments against schools

VA is authorized (38 U.S.C. 1785) to assess the full amount of an overpayment against a school that is negligent in reporting a change in an eligible person's educational status. However, this authority is infrequently exercised.

VA brought only 43 cases of liability against schools nationwide during fiscal year 1974, and only 49 cases in fiscal year 1975. VA central office officials did not maintain data on the reasons for these assessments, but they believed very few had been made because of negligent reporting of training status changes.

In May 1975, VA issued a circular to all regional offices to clarify and emphasize its statutory and regulatory responsibility to assess schools. The circular gave regional offices more detailed and specific guidelines on processing assessments. It emphasized the importance of schools promptly reporting training status changes to VA and pointed out that schools were not to be relieved of this responsibility. Furthermore, regional offices were instructed to closely review overpayments to determine school liability.

In January 1975, Los Angeles regional officials advised us that no assessments had been made against schools in that region for negligent reporting of training status changes. Despite the May 1975 circular and the results of our analyses of 135 overpayment cases, as of December 31, 1975, no assessments of liability had yet been made against any schools in the region.

The long delays by schools in reporting training status changes, identified in our analyses of the 135 sampled overpayment cases, may indicate general negligence on the part of those schools. However, because of VA's emphasis on the students' responsibilities to repay the overpayments, the schools have been generally unaffected by the overpayment problems of eligible persons on their campuses.

Proper implementation of VA's May 1975 circular could change this situation. Several officials of Los Angeles area schools have stated, and we agree, that assessing the schools for overpayments resulting from untimely reporting of training status changes might motivate the schools to improve their reporting.

VA needs to reevaluate reporting fees paid schools

Each year since fiscal year 1967, pursuant to 38 U.S.C. 1784, VA has paid schools $3 for each veteran and dependent on their rolls as of October 31 to cover the cost of administrative activity and the preparation of required reports. Since August 1974 VA has also paid schools an additional $1 for each student receiving an advance check that must be handled and delivered to the student at registration.

In fiscal year 1975, reporting and check handling fees paid to schools nationwide totaled about $5.2 million. VA estimates that in fiscal year 1976 these fees will total about $6.4 million, reflecting the increased numbers of veterans and dependents expected to attend colleges and universities this year.

According to officials at all schools visited, the $3 fee was insufficient to cover the costs of recording and reporting on veteran and dependent educational program activities. Several stated that the total fees received would not even pay the salaries of those responsible for reporting changes in training status. Reporting fees, including the $1 fee for handling advance payment checks, paid to the six schools in our sample in 1974 follow:

Junior College-A	$13,496
State University	10,788
Private University	10,076
Junior College-B	9,730
Junior College-C	8,538
Junior College-D	8,052
Total	$60,680

In the 8 years that the $3 reporting fee has been in effect, it has not been reevaluated to determine its adequacy in light of rising school operating costs and as an incentive for timely reporting of training status changes.

In view of the identified delays in school reporting and school officials' comments about the inadequacy of the current $3 reporting fee, we believe VA should reevaluate the fee and, if appropriate, submit amendatory legislation to the Congress.

VA resources on school campuses could be better utilized

At colleges and universities nationwide, VA has considerable staff resources available that could be more effectively used to reduce schools' delays in reporting training status changes of enrolled veterans and dependents. These resources include (1) full-time VA employees, known as veteran representatives on campus, and (2) veteran-students participating in VA's work-study program.

Veteran representatives on campus

Since August 1974 VA has had more than 1,300 veteran representatives on school campuses primarily to answer benefit inquiries from veterans and expedite educational assistance payments. Employing veteran representatives and assigning them to campuses was initially an administrative action in response to numerous delays that veterans had experienced in receiving their educational assistance payments during the previous school year. The veteran representatives on campus program was mandated by the Congress in December 1974 when it enacted Public Law 93-508.

Because of opposition to the program by schools that viewed it as an unwarranted Government intrusion in school affairs, VA decided to limit veteran representatives' activities to answering inquiries from veterans and not let them become involved in certifying student attendance or other school reporting responsibilities. At five of six Los Angeles area schools visited, veteran representatives were generally complying with these limitations, concentrating almost exclusively on veterans' inquiries. At the sixth school, veteran representatives had temporarily assumed the responsibility for reporting training status changes while the school official normally responsible for this was on leave pursuing an advanced degree. Because the representatives had not been performing this responsibility for long at the time of our visit, we could not evaluate their effect on the timeliness of the school's status change reporting.

We believe that, if given the opportunity and permission to do so, veteran representatives could provide more valuable assistance to VA, the schools, and the veterans by helping to identify ways of improving the timeliness of the schools' status change reporting and thus reduce the overpayments at those schools. Although some schools continue to restrict representatives' access to school records, we believe, on the basis of our visits to schools and discussion with VA officials, that the initial objections to placing veteran representatives on campus have generally subsided. Officials at all six schools said they would welcome suggestions from VA for improving their reporting procedures.

Work-study veterans

Under VA's work-study program, veteran representatives and the schools can receive part-time assistance from veteran-students, who are paid an additional educational assistance allowance of up to $625 per enrollment period for up to 250 hours of VA-related work. This work can involve (1) veteran outreach services, (2) preparation and processing of necessary papers and other documents at schools or at VA facilities, or (3) any other appropriate VA activity.

VA estimates that, in fiscal year 1976, 9.5 million work-study hours will be used nationwide at a cost of $23.6 million and that in fiscal year 1977 a total of 9 million hours will be used at a cost of $22.4 million.

Despite statutory restrictions to the contrary, work-study veterans are not necessarily working exclusively in VA-related activities. At three of the Los Angeles area schools we visited, many work-study veterans were working in non-veterans-affairs areas, such as school libraries, cafeterias, and janitorial areas. At one school with 49 work-study veterans, the on-campus veteran representatives were using only 6 veterans and the school's veterans affairs office only 12. The remaining 31 veterans were being used in assorted non-veterans-affairs areas.

In June 1975, VA's central office instructed all regional offices to insure that work-study veterans work only under the supervision of a VA employee and only on veteran affairs activities directly related to VA's responsibilities in approving and paying benefits. This instruction is a step in the right direction. Work-study veterans on college and university campuses, in our opinion, can provide a valuable service in helping veteran representatives and the schools to expedite status change reports and in identifying ways to improve the schools' reporting procedures and practices.

CONCLUSIONS

VA actions to improve veteran/school reporting have been limited. Compliance surveys conducted at colleges and universities were increased during fiscal year 1975, but such surveys should devote more attention to evaluating the reporting systems so that constructive suggestions can be made to school officials. More VA assistance and guidance to State approving agencies is needed if these agencies are to alleviate school reporting problems that cause overpayments. With about 22 percent of the colleges and universities accounting for over two-thirds of the outstanding overpayments (as of December 31, 1974) VA could concentrate its limited resources on certain schools to substantially improve the overpayment situation.

VA could also reduce overpayments by (1) increasing overpayment assessments against schools that are negligent in reporting training status changes, (2) increasingly using VA staff resources on school campuses to correct reporting problems, and (3) evaluating the reasonableness of the statutory reporting fees paid to schools and, if necessary, proposing amendatory legislation to the Congress.

RECOMMENDATIONS TO THE ADMINISTRATOR OF VETERANS AFFAIRS

To reduce overpayments, we recommend that the Administrator emphasize:

--Improving the timeliness of school reporting through more frequent, comprehensive compliance surveys at schools, particularly those with large balances of overpayments.

--Increasing guidance to and cooperation with State approving agencies on overpayment problems.

--Increasing assessments of overpayments against schools which are negligent in reporting training status changes.

--Increasingly using its on-campus resources, such as veteran representatives and work-study veterans, in identifying and correcting school reporting problems.

--Reevaluating the adequacy of statutory school reporting fees as an incentive for timely reporting of training status changes and, if necessary, submitting proposed amendatory legislation to the Congress.

CHAPTER 4

OVERPAYMENTS CAUSED BY VA PROCESSING CAN BE REDUCED

By improving its processing techniques, VA can reduce overpayments. Manual verification of training status changes by VA's regional offices should be eliminated. This would speed the processing of changes and thereby avoid as much as 11 percent of all overpayments. Also, by limiting the use of special payments to those cases involving economic hardship, VA could greatly reduce the 10 percent of overpayments caused by special payment procedures. Overpayments could be further reduced if VA increased its use of teletype stop-payment procedures.

MANUAL VERIFICATION OF STATUS CHANGES SHOULD BE ELIMINATED

As indicated in the chart on p. 3, when a training status change notice is received at a VA regional office, the student's claim folder is reviewed to verify the accuracy of data on the notice before it is forwarded to the Hines data center for computer processing. Reviewing the claim folder is a time-consuming manual process.

In July 1971, we reported to the Congress 1/ that VA could more quickly process training status changes by eliminating this manual verification procedure at its regional offices, relying instead on the Hines data processing center's computer screening functions. In a test project performed in conjunction with the Los Angeles regional office in 1970, we found that about 90 percent of the status changes could be processed correctly through the regional office to the Hines data center without routinely pulling and reviewing individual claim folders. The other 10 percent were rejected at the data center and required regional office review to correct name and/or identification numbers (8 percent) and erroneous termination of training (2 percent).

We concluded that, by eliminating the manual verification procedure, VA could accelerate the processing and disposition of status changes, saving about $600,000 annually.

1/"Further Action By Veterans Administration Could Reduce Administrative Cost and Improve Service to Veterans Receiving Educational Benefits," B-114859, July 8, 1971.

VA agreed in principle with our recommendation and indicated that it planned to automate status changes. VA gave similar assurances to the Senate Committee on Government Operations in August 1971, indicating implementation by June 1972. However, VA subsequently decided against automating status change processing.

To obtain a more current assessment of the accuracy of information submitted by schools in reporting status changes, we evaluated a sample of 39 status changes at the Los Angeles regional office in 1975. About 92 percent (36 changes) were found to be accurate, complete, and sufficient for processing without claim folder review. This sample was small, but the results closely approximated those of the 1970 test.

Through discussions with VA officials and our analysis of statistical information, we determined that processing training status changes without manual verification of data would have required an average of about 10 days at the Los Angeles regional office, a savings of 7 days compared to the normal average of about 17 days. By applying the 10-day processing time to the actual circumstances in the 135 sampled overpayment cases, we determined that $7,333, or about 11 percent, of the $64,115 in total overpayments for these cases could have been avoided by eliminating manual verification. Although processing times may vary from region to region, we believe that much of the overpayment amounts established nationwide could have been avoided if our 1971 recommendation had been implemented.

We also estimated that, had VA's Los Angeles regional office implemented the automated processing of status changes as planned, about $1.4 million in admininstrative costs could have been avoided between July 1972 and December 1974. These costs, which related to salaries, overtime payments, and general overhead, were based on our comparative estimates of the total man-hours needed during the period to process the training status changes, both with and without manually reviewing individual case files to verify the accuracy of the data on each change document. We did not compute the costs of manually reviewing case files for training status changes at the other 57 VA regional offices; however, we believe millions of dollars in administrative costs might have been avoided nationwide by automating the processing of training status changes.

In May 1975, we asked VA why the automated status change processing was not put into effect. The Administrator of VA responded in July 1975, stating in part that

> "The processing of any additional status changes without a review of the claims folder has been decided against due to the inherent dangers involved. To amend an award without reviewing the claims folder may very easily result in an erroneous award or duplication of actions. The processing of changes in dependents is another area in which caution should be exercised by reviewing the claims folder before a determination is made to increase or decrease benefits. Legal questions of marriage, divorce, separation and custody of children may complicate the situation."

We recognize that these factors influence the processing of status changes, but for the following reasons we do not agree that these problems are significant enough to justify prohibiting the automation of status change processing.

--In our review of overpayment cases, we did not find any cases complicated by dependency status or by legal questions of marriage, divorce, separation, and custody of children. Changes of this nature occur much less frequently than school terminations or increases or decreases of training load. Changes in these categories generally have to orginate with the veteran since school officials have no way of knowing when they occur. Furthermore, VA claim files contain essentially the same data on these matters as do the Hines computer files.

--Each year schools are required to notify VA of veterans who are continuing their educational pursuits by reenrolling in school. These reenrollment notices were once routinely reviewed by regional offices with claim folders in much the same manner as training status changes. However, in 1970 VA automated the processing of these forms, eliminating regional office review. VA told us and the Congress that the next step was the automation of status changes. We believe that VA should follow through with the automation of training status changes based, in part, on its success with reenrollment notices.

--VA has not made any studies to demonstrate that automation of status changes is impractical.

USE OF SPECIAL PAYMENTS SHOULD BE LIMITED TO HARDSHIPS

Hardship payments, made outside the regular education benefit payment system by local or teletype procedures, were originally established by VA to pay individuals suffering economic hardships because of delays in the processing of their regular benefit payments. In July 1974, however, VA dropped the term "hardship" and substituted the term "special" to more appropriately recognize the expanded use of these payments by regional offices. Under VA's expanded criteria, special payments will be made:

--If the eligible person had claimed financial need.

--To pay persons due more than 30 days benefits at the time their paperwork is processed for benefit payments.

--If a regular entrance or reentrance benefit award document had been rejected by the Hines data center's computer because of data errors, and a payment is due.

--To speed the processing of advance payment checks when regular processing will not get these checks to the schools in time for delivery to the student at registration.

In our sample of overpayment cases, special payments caused about 10 percent of the overpayments. Nationwide, overpayments resulting from special payments amounted to $11.6 million as of December 31, 1974, or about 9 percent of total overpayments then outstanding. Regional offices are using special payments more frequently. In fiscal year 1974 special payments accounted for about 5 percent of all educational assistance payments made, but in fiscal year 1975 special payments accounted for about 10 percent of the total assistance payments.

Special payments become overpayments substantially more often than regular payments because transaction data is not verified with the Hines data center master records before benefit checks are issued. With regular benefit payments, transaction data is automatically verified with Hines master record data to safeguard against inappropriate payments. Circumventing the master record verification reduces processing time, minimizes rejections, and speeds the issuances of benefit checks, but it also causes substantially more overpayments.

Our comparative analysis of fiscal year 1974 regular and special payment statistics for the Los Angeles regional office showed that 3.3 percent of the regular payments resulted in overpayments, whereas 6.3 percent of the special payments became overpayments. Therefore, special payments had a 91 percent greater chance of becoming overpayments than did regular payments.

Two special payment situations that frequently result in overpayments are described below.

--When the regular transaction data, which normally follows the special payment data, processes through the master record before the special payment, a regular benefit check is issued. When the special payment transaction finally arrives, it is also processed with a benefit check issued for the same period covered by the regular payment, thereby creating an overpayment. Had the special payment been processed first, a suspense account would have been established in the master record for offset against the regular payment transaction, thus preventing the overpayment.

--Incorrect data, such as the person's name or identification number, listed on either the special payment transaction or the subsequent regular payment transaction will prevent the computer from matching the two transactions. An overpayment will result by the issuance of two benefit checks for the same period.

We did not determine the number of persons who routinely received a special payment that would have qualified for a hardship payment. However, on the basis of VA-wide data, we believe many special payments would not have been made had the bona fide hardship criteria continued. During fiscal year 1974, 267,470 special payments were made. In fiscal year 1975, after the term "hardship" was dropped, 816,824 special payments were made, representing an increase of 205 percent. During the same period, the number of persons in training increased by only 14.3 percent, from 2.45 million to 2.80 million.

In view of the higher frequency of overpayments that VA is experiencing as a result of its liberalized use of special payments, we believe it should limit these payments to cases of bona fide hardship.

TELETYPE STOP-PAYMENT NOTICES SHOULD BE USED MORE OFTEN

Regional offices can further reduce overpayments by increasing their use of teletype transmissions of stop-payment notices to the Hines data processing center. In many cases the VA Los Angeles regional office could have prevented 1 month's overpayment by transmitting a teletype stop-payment notice to the Hines center when insufficient time remained for regular processing.

The Hines data center operates on computer processing cycles to handle the various transactions necessary to administer VA's compensation, pension, and educational assistance programs. Each computer processing cycle operates at certain times each month. To update VA's master records, data must reach the Hines center by specific dates during the month. The regional offices receive a list of these dates in advance of each month's processing schedule so that they can mail data to reach the center in time for processing during the appropriate cycles.

Under VA's compensation and pension programs and in accordance with established operating procedures, regional offices routinely transmit teletype stop-payment notices to the Hines data center when normally processed notices would not arrive in time to prevent an overpayment. However, regional offices seldom use teletype stop-payment procedures for educational assistance benefits. Nationwide, between March 1, 1975, and July 17, 1975, only 1,016 education stop-payment notices were teletyped to Hines by all regional offices. During the same period, the Hines center received 4,315 stop-payment teletype messages for compensation and pension payments.

VA's educational assistance regulations allow regional offices to use teletype stop-payment procedures; however, as pointed out by officials at VA's central office and Los Angeles regional office, the regions are not required or directed to use the procedures to stop education payments. According to VA central office officials, regions could make greater use of the procedures but a feasibility study would be necessary before the central office would direct regional offices to substantially increase such use.

We do not agree that a feasibility study is needed before VA's regional offices can be directed to increase their use of the stop-payment procedures. The feasibility of these procedures has been acknowledged by VA's providing for their use in its regulations and has been demonstrated by the March to July 1975 statistics which showed that the procedures were used 1,016 times to stop education overpayments. We believe that the regional offices should be directed immediately to substantially increase their use of teletype stop-payment notices as a means of preventing educational assistance overpayments.

CONCLUSIONS

VA regional processing problems, including special payment errors and delays in processing training status changes, account for many of the educational assistance overpayments made annually. Improvements can and should be made to avoid or minimize these problems.

By implementing our prior recommendations for automating training status changes, VA could have reduced overpayments by as much as 11 percent while reducing administrative costs at the Los Angeles region by about $1.4 million through December 31, 1974. Had VA implemented this recommendation in June 1972 as it originally intended, millions of dollars in administrative costs might have been avoided nationwide over the succeeding 2 1/2 years.

Because they bypass normal fiscal controls, special payments much more frequently result in overpayments than do regular benefit payments. In the last several years VA has increasingly issued special payments. In our opinion, limiting special payments to persons with bona-fide economic hardships would greatly reduce the number of these payments and the number of overpayments.

Overpayments could be further reduced by using teletype stop-payment notices in cases where routine processing would fail to notify the Hines data center soon enough to prevent issuance of the next month's payments.

RECOMMENDATIONS TO THE ADMINISTRATOR OF VETERANS AFFAIRS

To reduce educational assistance overpayments due to VA processing procedures, the Administrator should

--implement immediately a pilot program to automate training status changes as recommended in our 1971 report,

--limit the use of special payments to proven hardship cases, and

--expand the use of teletype stop-payment notices to halt overpayments.

CHAPTER 5

THE CONGRESS MAY NEED TO RECONSIDER THE ASSISTANCE PAYMENT LAW

Our analysis of 135 overpayment cases showed that about 21 percent of the overpayment amounts resulted from the advance payment and/or prepayment of educational assistance. The Congress can partially reduce the impact of advance payments in creating overpayments by amending the law to limit such payments to those individuals having bona fide financial needs. However, to curtail overpayments caused by the monthly prepayment of educational assistance, the Congress may have to reenact a post-payment system for educational benefits.

ADVANCE PAYMENT AND PREPAYMENT OF EDUCATIONAL ASSISTANCE

In October 1972, the Congress enacted the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (Public Law 92-540). The act provided for (1) the advance payment of initial educational assistance benefits at the start of an enrollment period for those eligible persons pursuing a program of education on a half-time or more basis and (2) monthly prepayment of subsequent benefits during the period of enrollment. Before this act, educational assistance payments for training on a half-time or more basis were made at the end of the month for which the payments were earned. This was known as a post-payment system. The prepayment provision became effective on November 1, 1972, and the advance payment provision on August 1, 1973.

The advance payment provision was supported by VA and was based upon a finding by the Congress that

> "* * * eligible veterans and eligible persons need additional funds at the beginning of a school term to meet the expenses of books, travel, deposits, and payment for living quarters, the initial installment of tuition, and the other special expenses which are concentrated at the beginning of a school term." (38 U.S.C. 1780 (d)(1))

The advance payment is equal to the assistance allowance for the month or fraction thereof in which the eligible person's program of education will commence, plus the allowance for the next month.

The monthly prepayment of subsequent allowances is intended to shorten the time frame, by a full month, between the date the person receives his or her advance payment check and the date the next regular monthly check arrives. For example, if a veteran receives an advance payment check at registration on September 15, covering the allowances he would earn for the rest of September and all of October, under a post-payment system, he would not receive another assistance check until the end of November. Under the prepayment provision, his second check would arrive at the end of October or beginning of November.

BETTER CONTROLS NEEDED TO AVOID OR MINIMIZE OVERPAYMENTS

Despite administrative controls established by Public Law 92-540, advance payments and prepayments of educational assistance benefits are contributing greatly to VA's escalating overpayments problem.

As stated earlier, in the 6 years before fiscal year 1973, identified overpayments totaled $128 million. However, in fiscal year 1973, the first year of prepaid assistance, an additional $142.4 million in overpayments were made, and during fiscal year 1974, when advance payments were implemented, overpayments totaling $269 million were made.

In contrast to the $128 million in overpayments during fiscal years 1967-72, overpayments in the following 3 1/2 years have totaled more than $1.2 billion. This does not mean that all overpayments since fiscal year 1972 have been the result of advance payments and prepayments; however, these provisions have been in recent years, and continue to be, major factors contributing to the enormous growth in overpayments.

Of the 135 overpayment cases sampled at the 6 Los Angeles area schools selected for study, 104 (77 percent) involved overpayments that occurred after November 1, 1972, when the advance payment and/or prepayment provisions were in effect. In 83 (about 80 percent) of the 104 cases, the advance payment or prepayment provision contributed to the overpayment made, accounting for $13,332 (21 percent) of the $64,115 in overpayments for all 135 cases sampled.

To assess the influence of advance payments as a cause of overpayments, we analyzed the sampled overpayments established during the 1974 fall school term--September to December 1974--a time when large numbers of advance payments were made. Twenty-six percent of the sampled overpayment amounts established during that period were the result of advance payments.

Ineffective administrative controls

Public Law 92-540 contained a number of administrative controls to deal with possible overpayments that might result from the advance payment and prepayment of educational assistance. These controls included (1) requiring proof of the individual's enrollment in an approved educational institution before releasing the advance payment; (2) permitting VA to withhold the final payment of an enrollment period until proof of the individual's satisfactory pursuit of his educational or training program has been submitted; (3) authorizing VA to offset any resulting overpayment against any other benefit (such as compensation or pension payments) otherwise due the overpaid individual under any other law VA administers; and (4) declaring any overpayment not recoverable by offset to be a liability of the overpaid individual, recoverable in the same manner as any other debt due the United States.

These administrative controls may have partially deterred abuses of the payment provisions and provided legal bases and procedures for at least partial recovery of overpayments, but they have not effectively prevented overpayments. As shown in our sample of overpayment cases, 21 percent of the total overpayment amounts were the direct result of either advance payments or prepayments to individuals certified as having enrolled in approved educational programs.

In some instances the individual had been certified by the school as having enrolled, was given his advance payment, but then failed to pursue any training. (See second example on p. 8.) In other instances individuals dropped out of school after partially pursuing training, and overpayments resulted, even though the school and VA may have received timely notification of the status change, because the individuals had been prepaid for at least part of the next month's unearned assistance payment. (See first example on p. 8.) The existing administrative controls cannot prevent these types of overpayments from occurring. They are built into the payment system and occur because of the manner in which payments are authorized to be made.

VA policy may be contributing to overpayments

The current VA policy of automatically authorizing advance payments may also be contributing substantially to the overpayments resulting from advance payments. When advance payments were first introduced in August 1973, VA made an advance payment only upon specific request from the eligible person. Under this policy about 563,000 advance payments totaling $202.4 million were made in fiscal year 1974. (During the same year, $269 million in overpayments were made.)

In May 1974, however, to provide more timely delivery of educational assistance payments, VA began to automatically authorize an advance payment, without a specific request, when information was received from the individual or the school that the individual was eligible for benefits and would be enrolling in an educational program. As a result of this liberal policy, about 736,000 advance payments totaling $273.5 million were made in fiscal year 1975, representing a 31 percent increase over the previous year. In the 6 months ended December 31, 1975, about 608,000 advance payments totaling $234 million were made. (During the same periods, $446.3 million and $411.7 million, respectively, in overpayments were made.)

VA's routine issuance of large numbers of advance payments without ascertaining the students' desire or financial need for these payments, in our opinion, is contributing to the growing number of overpayments.

According to officials of VA's central office, this policy of automatically authorizing advance payments to all persons eligible under the law reflects the intent of the Congress in enacting the advance payment provision in 38 U.S.C. 1780. We tend to agree. In view of the resulting high incidence of overpayments, however, we believe that those receiving advance payments (which for an unmarried person can be as much as $540) should be required to meet a bona fide financial needs test.

We recognize that persons enrolling in certain schools, particularly private 4-year colleges and universities, are often faced with very high initial school expenses and may have a justified financial need for an advance payment. However, other persons, such as those enrolling in State-supported colleges or universities or in 2-year junior or community colleges, generally have relatively low tuition costs and may not need a sizeable advance payment. Moreover, as pointed out on page 8, as of December 31, 1974, junior colleges accounted for over 56 percent of the total overpayments nationwide made to persons attending colleges and universities.

We believe, therefore, that 38 U.S.C. 1780 should be amended to require VA to issue advance payments only to those individuals determined by VA to have a bona fide financial need. Individuals desiring advance payments should be required to provide a brief statement of their financial need for the advance. This procedure, we believe, would significantly reduce the number of advance payments and resulting overpayments, while still providing advance assistance to those individuals with a bona fide financial need.

CONCLUSIONS

The advance payment and prepayment provisions of Public Law 92-540 and VA's administration of the advance payment provision have caused many overpayments. Limiting advance payments to individuals who are determined to have a bona fide financial need could greatly reduce overpayments attributable to the advance payments. However, overpayments attributable to prepayment of subsequent monthly assistance allowances will continue to occur due to the inherent nature of these payments.

We recognize that the overpayment problem must be balanced against the desirability, and legislatively determined need, for paying educational assistance allowances before they are earned through actual pursuit of training. However, returning to a post-payment system, like that in effect before November 1972, would greatly reduce overpayments and relieve the growing pressures on VA's already strained collection system.

MATTERS FOR CONSIDERATION BY THE CONGRESS

In enacting the advance payment and prepayment provisions of Public Law 92-540, the Congress recognized that overpayments might result and, accordingly, enacted certain administrative controls. These controls, however, have not effectively prevented overpayments, primarily because of the nature of the payment provisions. As a result, many overpayments have occurred.

Limiting advance payments to those persons who have bona fide financial needs, in our opinion, would be consistent with congressional intent to provide advance assistance to those in need and could minimize overpayments attributable to advance payments. Accordingly, the Congress may wish to consider amending 38 U.S.C. 1780 to require persons desiring advance payments to submit a brief financial need statement for VA to use in determining their eligibility for advance payment.

Also, the only apparent way to stop overpayments resulting from monthly prepayments is to change the law. In view of the growing magnitude of overpayments, their adverse effect on those who receive and must repay them, and the desirability of fiscal restraint in these difficult economic times, the Congress may wish to reconsider the prepayment provision of Public Law 92-540 and to reenact a post-payment system for VA educational assistance benefits.

CHAPTER 6

VA'S COLLECTION EFFORTS NEED STRENGTHENING

Collection of educational assistance overpayments has not kept pace with the increasing numbers of overpayments established annually. Overpayments outstanding increased 3,450 percent, from $8.4 million at the end of fiscal year 1970 to $298.2 million at December 31, 1975. Overall, VA has collected about 75 percent of the overpayments established and has waived, compromised, and written off as uncollectible, about 4 percent. The other 21 percent is still on hand pending disposition. According to a VA analysis of $197.3 million in overpayment collections in fiscal year 1974, over 86 percent were accomplished by offset against benefits otherwise payable to persons continuing in training or returning to school. Cash repayments accounted for less than 14 percent of collections.

The following areas relating to VA's collection efforts need improvement.

--VA's Centralized Accounts Receivable System, which is overloaded with cases due to the increasing volume of overpayments.

--VA's collection procedures, which need to be more aggressive and explicit, particularly in letters to veterans.

--Determining the cost of collection in relation to potential recoveries.

--The collection of overpayments resulting from special payments.

--Cross-checking between programs, such as between compensation, pension, and educational assistance, to offset and collect overpayments.

Improvements in these areas should improve collection results. However, it should be kept in mind that, if VA concentrated on eliminating or minimizing the causes of overpayments (as discussed in previous chapters of this report), the need for an elaborate, expensive collection system would be lessened.

OVERPAYMENT ACCOUNTS BACKLOG INCREASING

VA's Centralized Accounts Receivable System at St. Paul, Minnesota, which became fully operational in January 1975, centralized VA collections. In its first 6 months of operation, the system received for collection from the Hines data center over 332,700 educational assistance overpayments valued at $180 million. In June 1975 alone, about 89,000 accounts were transferred to St. Paul for collection. As of June 30, 1975, the centralized system had a balance of 240,653 education overpayment accounts totaling more than $119 million.

The St. Paul system only receives "inactive" accounts--those involving persons who are not in training and against whom cash collection action must be taken. For "active" accounts, involving persons still in training, the Hines data center automatically offsets the overpayments against current education benefits until the full amount is recovered.

The increasing volume of inactive overpayment accounts has substantially increased the workload for the St. Paul computer system. As a consequence, the computer system has been unable to process all collection data on a daily basis. In May 1975 the system instead began processing education accounts every other day. According to St. Paul officials, if the current rates of new accounts and dispositions continue, the system may not be able to effectively process the increasing volume of accounts.

Shortages in trained staff have also been a problem. As of June 1975 the centralized system had only about 66 percent of authorized staff. As a result, 37,000 letters from overpaid persons remained unanswered, and about 17 percent of incoming mail could not be readily identified with overpayment accounts because personnel had not prepared case files on new accounts.

On September 16, 1975, we issued a letter report to the Administrator of VA on our review of VA's compliance with the Federal Claims Collection Act of 1966 (31 U.S.C. 951-953) and the regulations and procedures implementing that act. The report addressed, among other things, certain aspects of the Centralized Accounts Receivable System's operations. In responding to our recommendations, VA stated that several changes are being made to reduce the backlog at St. Paul. VA is planning to reorganize the system to better control the workload, staffing has been increased to a more realistic level, and a microfilm/microfiche system has been established to provide research sources for processing cases more expeditiously. Despite these efforts, we noted that as of March 5, 1976, St. Paul had a backlog of almost 39,000 unanswered letters.

COLLECTION LETTERS NEED REVISION

According to school officials, regional office collection personnel, and St. Paul VA officials, VA's letters to overpaid individuals requesting repayment do not sufficiently explain the cause of the overpayment. Such data as rates used to compute overpayments and inclusive periods of overpayments are not provided in these letters. As a result, the individuals and VA personnel reading these letters generally cannot adequately judge the reasonableness or validity of the overpayments. Over 26 percent of the letters received at St. Paul are requests for explanations of overpayments.

In addition, St. Paul VA officials have often had to rely on VA regional office personnel to properly re-create overpayment data because VA's initial collection letters, generated by the Hines data center, did not contain sufficient information. This had delayed responses to individual inquiries an additional 3 to 4 weeks.

The first collection letter to overpaid individuals--issued by the Hines data center--refers to their options of repaying in installments or requesting a waiver within 2 years. In our September 1975 report to the Administrator of VA, we recommended that VA's collection letters be revised to include the criteria under which a waiver of the overpayment could be granted. We believed that this might discourage routine requests for waivers, which are time consuming and expensive to review and process and which, if denied, delay or diminish the chance of collection.

VA concurred in our recommendation and has revised its collection letters to include the waiver criteria. This revision should result in fewer requests for waivers and improve VA's chances of recovering overpayments. However, on the basis of our discussions with private collection agency personnel, we believe additional revisions could further improve VA's collection efforts. Possible improvements include shortening the length of the first collection letter, restating it in definite terms.

In July 1974 the Administrator of VA appointed a task force to study, among other things, VA's policies, procedures, and controls governing the collection of overpayments. In March 1975 the task force issued an internal report on its study results. The task force, which recognized the shortcomings of VA collection letters, also recommended revising the letters to provide specific data on overpayments. The report pointed out that including comprehensive explanations of overpayments in these letters would significantly reduce correspondence concerning establishment of overpayments.

Also, the task force recommended shortening the intervals between letters. Its report indicated that 12 percent of overpaid veterans failed to respond to all three VA letters--58 percent did not respond to the first letter, 40 percent to the second letter, and 60 percent to the third letter. The task force recommended that the intervals for sending letters to veterans be reduced from 60 to 30 days.

The task force also studied the timeliness of collection letters in relation to repayment responses. Of 96 repayments received from 401 letters sent to 180 veterans, 85 repayments (89 percent) were in response to letters sent within 30 days after the establishment of the overpayments. Letters sent after more than 30 days received few repayment responses.

We discussed the timing of VA's collection letters with an official of a national association of professional collection agencies, which represents about 50 percent of all collection agencies nationwide. According to this official, his association favors sending collection letters at short intervals and recommends to its member agencies that the first letter be sent immediately upon receipt of the account and that later letters be sent at 7- to 10-day intervals. He believed VA's 60-day interval between letters to be much too long to insure effective collection. Although VA's collection activities cannot be directly compared with those of private agencies, we believe the national association official's comments have merit and should be recognized and considered by VA.

Taking into account this official's view and the task force's study, we believe that VA should determine the feasibility of further reducing the interval between its first and second collection letters to less than the recommended 30 days. This action, if deemed feasible, would in our opinion further increase repayment responses from overpaid individuals.

Letters notifying veterans of eligibility and benefits--referred to as award letters--do not also alert veterans that they have overpayments outstanding. Consequently, veterans are not notified that future benefit payments will be withheld until the overpayments are recovered.

COST OF VA'S COLLECTION EFFORTS UNKNOWN

The Federal Claims Collection Act of 1966 authorizes agencies attempting to collect debts of less than $20,000 owed the Government to terminate or suspend collection actions when costs of collection exceed the amount owed. VA has not analyzed its collection activities to identify its costs of collection. Therefore, VA officials at St. Paul cannot adequately make the decisions authorized by the law. VA's task force report noted this deficiency and recommended that the VA Controller undertake a study to develop a system to capture and report all collection and other disposition costs for overpayments. As of November 1975, about 8 months after issuance of the task force report, VA had not yet implemented this recommendation.

COLLECTION ACTION ON SPECIAL OVERPAYMENTS SHOULD BE MORE TIMELY

Over the last several years, overpayments resulting from special payments have increased dramatically. However, collection of these overpayments has been delayed much longer than collection of regular overpayments because special payment transactions are held about 60 days before being converted to overpayments. The special payment is held 30 days in a suspense account at the Hines data center while awaiting receipt of the individual's regular payment transaction document, and 30 additional days at the St. Paul center while further time is allowed for receipt of the transaction document at Hines. Consequently, 60 days elapse before the first collection letter is issued for a special overpayment, after which the account is processed in the same manner as other overpayment accounts.

As VA and private collection agency officials said, the likelihood of collection decreases as time passes; thus, more timely collection action is imperative. VA's task force study also stressed that intervals between overpayments and collection actions are crucial to recovery and suggested that these intervals be shortened.

Another problem is that, according to VA officials, the St. Paul computer system cannot match and consolidate special overpayment accounts with regular overpayment accounts for the same persons. Consequently, a person with both special and regular overpayments will receive separate letters concerning each overpayment. In our opinion, receipt of two collection letters, neither of which refers to the other overpayment, may confuse the person and diminish his acceptance of responsibility to repay the overpayments.

LIMITED CROSS-CHECKING BETWEEN VA PROGRAMS TO COLLECT OVERPAYMENTS

The systems at Hines and St. Paul do not automatically cross-check between benefit programs, such as the educational assistance and compensation and pension programs, for overpayments that could be offset against other program benefits.

Regional offices are supposed to manually check for such situations when reviewing claim folders. However, as pointed out in VA's March 1975 task force study report, this is seldom done.

The task force found that in only 14 percent of educational overpayment accounts for veterans receiving compensation or pension benefits had VA made arrangements for repaying the overpayment. The task force estimated that over $6.4 million of the $134.7 million in overpayments outstanding on December 31, 1974, could have been recovered if these accounts had been screened and offset properly. The task force recommended that regional offices and the St. Paul system be given a list of veterans who are receiving compensation and pension benefits so that offsets can be initiated. It also recommended that the compensation and pension system at the Hines data center be modified so that educational assistance overpayment cases can be automatically matched to compensation and pension accounts and messages can be released to regional offices on these cases.

In our September 1975 report to VA on our review of the Centralized Accounts Receivable System's operations, we pointed out VA's obligation, under 4 C.F.R. 102-3, to collect overpayments by offset in every feasible instance. We also noted the need to insure that VA has explored the possibility of collection by offset against other benefits before referring an overpayment case to GAO as uncollectible. In responding to our report, VA said it has "developed a method of using master record writeouts [from the Hines data center] to identify debts that could be collected by offset procedures."

This procedure represents an improvement and was implemented as a modified response to the task force's recommendation; however, the offset process, using the master record writeouts, is still a manual one used at St. Paul only when normal prescribed collection procedures have been exhausted and the case is about to be referred to GAO or administratively terminated. VA has stated that, because the compensation and pension system at Hines is entirely separate from the education system, the problems involved in adopting a computerized, automatic matching of overpayment cases with other benefits would far outweigh any advantages derived. In our opinion, there is a great potential for recoveries by using the matching process, as demonstrated by VA's task force, and no formal study has been made indicating the contrary. Therefore, we believe VA should reconsider this matter and determine the feasibility of the automatic matching process.

CONCLUSIONS

Collection of existing overpayments has increasingly lagged behind the annual increases in overpayments; consequently, the outstanding balance of uncollected overpayments has increased substantially. VA has centralized the collection of overpayments at St. Paul, but the centralized system has not been able to keep pace with increasing numbers of overpayments. Major problems are that

- --the computer system lacks the ability to perform all the necessary collection functions and
- --personnel shortages cause backlogs in administrative areas, such as responding to veteran inquiries and establishing new case files.

These problems could be lessened if VA concentrated on eliminating or minimizing the causes of overpayments. If the causes are not effectively dealt with, the overpayments will continue to increase, creating a need for additional staff and equipment to handle collection efforts.

Other collection problems also need attention. VA's collection letters do not sufficiently explain to overpaid individuals and VA officials the nature of the overpayments. Also, award letters to veterans do not show overpayments outstanding or alert veterans that subsequent benefits will be withheld to recover overpayments outstanding.

VA does not know the cost of recovering overpayments and, consequently, does not know whether collection costs for a given case are exceeding recoveries. By law, Federal agencies are authorized to terminate collection efforts on accounts where collection costs will exceed recovered amounts.

Individuals are receiving compensation and pension benefits while educational overpayments remain uncollected. VA does not have an automatic system for cross-checking between programs to identify persons with educational overpayments who are receiving benefits under the compensation or pension programs.

RECOMMENDATIONS TO THE ADMINISTRATOR OF VETERANS AFFAIRS

Even if the various causes of overpayments remain, much can be done to improve the existing collection system. Accordingly, we recommend that the Administrator emphasize:

--Improving the efficiency of the Centralized Accounts Receivable System's operations in processing cash collection actions and in responding to inquiries from persons who have been overpaid.

--Revising collection letters to provide full explanations of the overpayments, including the periods and rates involved, and to further reduce the interval between the first and second collection letters.

--Revising award letters to refer to overpayments outstanding so that the individuals receiving them will be aware that subsequent benefits will be offset to recover outstanding overpayments.

--Developing statistics that will provide comprehensive data on collection costs that can be compared to potential recoveries so that collection costs will not exceed recoveries.

--Improving the timeliness of collection actions on special overpayments by decreasing the period special payments are held in suspense awaiting award actions.

--Determining the feasibility of establishing an automatic cross-checking system for matching persons receiving compensation or pension benefits with their educational overpayment accounts so that collections can be accomplished by offset.

CHAPTER 7

AGENCY COMMENTS AND OUR EVALUATION

On March 15, 1976, we met with VA central office officials, including the Chief Benefits Director, the Chief Data Management Director, the Controller, the Assistant Administrator for Planning and Evaluation, and other officials of the Departments of Veterans Benefits and Data Management, Internal Audit Service, and the Office of the General Counsel, to obtain their oral comments on this report. These officials did not disagree with our findings about the underlying causes of the growing numbers and amounts of educational assistance overpayments.

The Chief Benefits Director, acting as spokesman for VA, generally agreed with most of our conclusions and recommendations about possible solutions open to VA for minimizing future overpayments. Regarding our specific recommendations to the Administrator of Veterans Affairs, the Chief Benefits Director stated that:

--VA has made a considerable effort in the past year to notify veterans of their obligation to promptly report training status changes and will continue this effort.

--VA is providing increased guidance and assistance to schools, particularly through its veteran representatives on campus, and in the past year has sharply increased the number of compliance surveys at junior and community colleges and other institutions of higher learning.

--State approving agencies are being provided additional guidance on the overpayments problem and additional funding in fiscal years 1976 and 1977 to provide increased surveillance of schools nationwide. Also, VA will begin providing approving agencies with data showing which schools have a high incidence of overpayments.

--VA has increased its efforts to identify and assess overpayments against schools that are negligent in reporting training status changes to VA; however, to be more effective in this area, VA needs to better define "negligent."

--VA agrees that a study would have to be made to determine the appropriateness of the current reporting fees paid schools by VA pursuant to 38 U.S.C. 1784, but VA has neither the funds nor staff resources to make such a study. Also, if such a study were made, schools would probably not be willing to provide VA with needed data on their costs of veteran-related reporting and recordkeeping.

--VA plans to implement, on a pilot basis, our prior recommendation to process training status changes through its regional offices without manually verifying data on the change documents. If this proves successful, VA will implement our recommendation nationwide.

--VA has provided its regional offices additional guidance on the circumstances justifying use of special payments and, as a result, the number of special payments made in the first half of this fiscal year has dropped compared with the first half of fiscal year 1975. However, VA believes more can be done to further limit the use of special payments and will explore various means to do so in light of the high incidence of overpayments resulting from special payments.

--VA plans to instruct its regional offices to increase their use of teletype stop-payment notices to the Hines data center to prevent educational assistance overpayments.

--VA plans to make greater use of its on-campus veteran representatives and work-study veterans in helping schools solve their status change reporting problems.

--VA agrees that, in the overpayment collections area, improvements could be made in its collection letters and in the timing of its collection actions; however, because of continuing workload backlogs and unavailability of computer time at its Hines and St. Paul data centers, our suggested improvements cannot be implemented now. Also, VA believes the automatic cross-checking of education overpayments against benefits being paid under the compensation and pension system would require system redesign and reprograming at the Hines data center.

The written comments of the Administrator of Veterans Affairs in response to this report have been included as appendix I.

CHAPTER 8

SCOPE OF REVIEW

To identify and assess the causes of educational assistance overpayments, we performed work at VA's

--central office, Washington, D.C.;

--data processing center, Hines, Illinois;

--Centralized Accounts Receivable System, St. Paul, Minnesota; and

--regional office, Los Angeles, California.

We visited seven schools in VA's Los Angeles region. For six of the seven schools--one State-supported university, one private university, and four junior colleges--we selected a sample of 135 overpayment cases for detailed analyses of the causes of overpayments. The seventh school--a junior college--had the sixth highest amount of overpayments outstanding, as of December 31, 1974, in the Los Angeles region. We also visited the regional office of the California State Approving Agency in Los Angeles.

At these locations, we reviewed the legislation, regulations, policies, procedures, and practices pertaining to VA's educational assistance payment system; reporting and processing of training status changes; and the collection of educational assistance overpayments. We also discussed these areas with VA, State, and school officials.

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

March 18, 1976

Mr. Gregory J. Ahart
Director
Manpower & Welfare Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

We have reviewed the draft of your proposed report to the Congress on your study of the Educational Assistance overpayments and have discussed the report orally with members of your staff, but we also want these written comments to be a part of your final report.

We agree that the causes for overpayments can be primarily related to the three causes indicated in the draft report. However, the percentages shown should not necessarily be considered as national figures since the statistical base for development of these was so small.

We are sure you would agree that the best way to reduce the outstanding balance of overpayments is not only to have an effective collection program, but also to reduce the number being created. Our efforts are being channeled in both directions. However, it should be noted that as we tighten controls and put greater emphasis on schools to report changes, the initial impact will be and has been an increase in overpayments. We believe the report should reflect this.

Some of the recommendations outlined in your proposed report to alleviate the overpayment problem represent areas that our Agency is developing or has already developed and implemented for the specific purpose of reducing overpayments and insuring that the education program is being administered in accordance with the intent of the law. Again, we feel that your report to the Congress should reflect this as opposed to perhaps leaving the impression that the recommendations were generated by your study. These recommendations are referred to in the attached narrative comment on each recommendation.

Mr. Gregory J. Ahart
U. S. General Accounting Office

Generally, we feel that your comments and recommendations are based on sound assumptions and as indicated in our recent discussions we will implement many of them as expediently as possible. We appreciate your desire to be helpful to us as we pursue the solving of a most difficult problem.

Sincerely,

Odell W. Vaughn
Deputy Administrator - In the absence of

RICHARD L. ROUDEBUSH
Administrator

Attachment

RECOMMENDATION: VA should notify veterans of their obligation to report program changes promptly.

We have already accomplished this by means of various notifications sent to the veteran. Every original entrance or re-entrance award letter sent to students attending Institute of Higher Learning, Non-College Degree, Apprenticeship or On-the-Job Training programs contains a notice that the VA must be informed of any change in training status. In addition, every education payment check sent out during the months of November 1975 and March 1976 contained a notice that any change in training status must be reported immediately to the VA. We are also in constant liaison with educational institutions in this regard and also are making extensive use of our Vet Rep on Campus Program.

RECOMMENDATION: VA should increase guidance and assistance to schools and step up compliance surveys at these schools.

This effort is in progress. Central Office review of regional office operations consistently emphasizes the need for improved liaison and communication with schools. VA regional office personnel are involved in an increasing amount of conferences, workshops, individual meetings with local school officials where VA policy is translated to individual situations. An excellent example of our efforts in this area is the changes to VA regulations which established a requirement that all schools set standards of progress which must be approved by the appropriate State approving agency. These changes and corresponding circulars to VA regional offices spelled out specifically what we considered acceptable. These changes generated a number of meetings and conferences throughout the nation and the Administrator, and the Chief Benefits Director presented clarifying comments on the issue in a meeting with members of the national education community on January 7, 1976.

As pointed out in the GAO report we issued a change to our policy concerning the scheduling of compliance surveys in December 1975. A pertinent portion of the reason for the change states, "This change is due to the need for tighter controls in the administration of the education program. The new schedule is for immediate implementation. Compliance surveys for the last 6 months of this fiscal year (1976) should be scheduled in accordance with these guidelines." The change involved surveying annually all institutions of higher learning with an enrollment of 300 or more students under chapters 34 and/or 35, and to similarly survey 25 percent of all institutions with an enrollment of less than 300 students. In addition, all non-college degree schools with eligible persons enrolled will be surveyed each fiscal year.

These changes drastically and obviously increase our workload and costs for each of our Regional Offices.

In some cases, where schools have severe deficiencies, total audits of records have occurred which involve many weeks at one school. Thus we have increased both the number of compliance surveys and the depth of those surveys, which again requires expending a considerable amount of resources. More in-depth quality surveys will result in reporting deficiencies being called to schools' attention. We hope to see the fruits of these efforts in the coming year as a result of new training guides and ever increasing emphasis on the problem.

RECOMMENDATION: It is recommended that VA provide State approving agencies with more guidance on the overpayment problem and that we supply them with data to show which schools have overpayments.

Recently the VA had a series of four regional workshops of VA Central Office and Regional Office personnel together with State approving agency personnel. A very significant item discussed was school reporting of training status changes in conjunction with establishing school standards of progress and the State approval agency responsibility in connection therewith.

We have requested additional money to increase the budget for State approving agencies. This occurs because the VA contract with State approving agencies which will be used for contracts beginning in October 1976 has a provision providing for a minimum of one State visit a year to each institution furnishing approved courses. This change deletes from the previous contract the provision that regularly scheduled visits to institutions of higher learning on an annual basis are not necessarily required.

The suggestion to supply data to State approving agencies to show which schools have overpayment problems will be adopted. However, because the computer program which previously supplied this listing can no longer be used, a completely new program must be created. The listing will be prepared as soon as possible and not later than six months from now, for delivery to our Regional Offices for forwarding to the respective State approving agencies. An evaluation will be made of the use of the first listing and if it is found to be useful it will thereafter be prepared and used on a semiannual basis.

RECOMMENDATION: The VA should more frequently assess schools with liability for overpayments caused by their negligent reporting of student's changes in training status.

As pointed out in our circular concerning school liability for overpayments, discrepancies in school records which can result in overpayments will most likely be identified during compliance surveys.

In December 1975 we published a change to our compliance survey schedule which required a drastic increase in the amount of schools to be surveyed.

We are at the beginning of the period when we can now start to see the results in the increased assessments of school liability.

We feel we have partial success with our previous instructions but it is still too early to fully evaluate our results. At this point we have the proper machinery to more frequently assess school liability and our Regional Offices are again being instructed to give continuing attention to this matter.

RECOMMENDATION: It was recommended that we reevaluate reporting fees paid to schools to insure appropriate reimbursement is made for reporting required for schools.

Section 1784, Title 38, states that the Administrator may pay a reporting fee of three dollars or four dollars in certain cases, which will be in lieu of any other compensation or reimbursement for reports or certification required to be submitted by law or regulation. The VA is, in many cases, providing work-study students to assist in this activity and we do not feel that we are requesting additional data from schools over and above that contemplated when the authorizing legislation was enacted. Moreover, veterans cost of instruction personnel as well as Vet Reps on Campus are assisting schools. Finally, we do not have a data base from which we could determine whether schools do or do not deserve an increase in these payments solely because of the inflationary process. They could possibly have a case in this regard. However, if Congress should determine that it should consider this problem we would be pleased to comment on any specific legislative proposal.

In this connection, you are aware that payments for these purposes come from the General Operating Expenses account and any increase would require a supplemental appropriation.

RECOMMENDATION: It was recommended that VA increase the involvement of VA personnel on campuses, such as veterans representatives and work-study veterans, to help schools solve their reporting problems.

We already do some of this. However, there is merit to these recommendations. To obtain a proper perspective, we feel that consideration should be given to the following points:

-- Acceptance of VA's involvement by schools - the VA's increasingly frequent liaison meetings with school officials across the Nation since the beginning of the on-campus program have not only been beneficial in establishing rapport, they have resulted in VA initiated actions to provide further assistance. An example is the expanded use of on-campus veterans representatives (Vet Reps) to provide liaison services to schools. From July 1 through January of the current fiscal year, Vet Reps conducted over 1,400 liaison visits with school officials. As Vet Reps improve their value and further acceptance of this program is gained, closer cooperation with schools along the lines recommended by the GAO recommendations will become more evident.

-- Availability of full-time VA employees (Vet Reps) on campuses - In addition to the expanded liaison duties given Vet Reps as noted above, they are being utilized to conduct compliance surveys (at schools other than where the Vet Rep is assigned). In addition, they are conducting guardianship field examinations and other supplemental duties which provide maximum utilization of their positions. Although the Vet Rep will advise and otherwise cooperate with the schools in the mission of expediting the enrollment data, and hopefully more can be done in the future, it would be improper for them to assume the certification tasks that belong to school officials. We feel that GAO would agree.

-- Work-Study Personnel - The increases in work-study hours being utilized by the VA reflect the development of veteran work-study students in the area of assisting school officials with providing enrollment data to the VA. Although an example of misuse was cited at one station, the national impact of work-study personnel in these areas has been satisfactory and perhaps could be increased as experience is gained.

RECOMMENDATION: VA should implement GAO's prior recommendation to automate the processing of veteran program changes and thereby reduce delays which result in overpayments.

This involves bypassing the use of case folders and VA has heretofore resisted the idea.

GAO points out that 8 percent of the sample documents processed without the claims folder rejected at the Data Processing Center due to incorrect name or claim number and 2 percent rejected due to erroneous terminations of training. Assuming these figures to be correct on a nationwide basis, 10 percent of all status changes processed would need to be reprocessed. This significantly increases administrative processing time. In addition, a number of documents may have been erroneously processed but not rejected at the Data Processing Center. Thus the advantages of the recommendation need to be weighed against the disadvantages.

We agree to test this at the field station level. A final decision will be made after the completion of the test and after a thorough analysis of the results, and GAO will be appropriately advised.

With respect to possible projected savings or cost avoidance, as set forth in the GAO report, we cannot agree. We think these may be well overstated when all factors are considered, and suggest that final estimates await our test and analysis.

RECOMMENDATION: It was recommended that VA should reduce reliance on, and use of, special benefit payments which by-pass standard computer screening controls intended to prevent overpayments.

The unanticipated increase in the number of veterans in training during the past 18 months required that we take a positive action to process payments timely. Therefore, instructions were issued initially that special payments be made whenever an entrance or re-entrance award was authorized more than 30 days after the award's effective date. Subsequently, this instruction was amended to permit Station Directors to use discretion in determining the method of payment and process a regular award if the payment can be made expeditiously. Our records indicate that we made 816,726 special payments in FY 1975, but have reduced to 317,968 for the first six months of FY 1976. Overpayments were correspondingly reduced and we think will continue on a downward trend. We will continue to monitor this phase of our operation, but until the pressure of getting veterans paid timely is reduced, we do not feel that we can discontinue this method of payment.

RECOMMENDATION: It was recommended that VA increase the use of teletype transmissions of stop payment notices to prevent overpayments.

We are drafting instructions which will implement expedited processing of change of status notices. These instructions will include the use of teletype stop payment actions in those instances when routine processing would not prevent the issuance of the next recurring payment. Additionally our instructions will provide for accepting notices of change in training status via the telephone to further decrease overpayments.

GAO notes that during a given period four times as many teletype stop payments were processed in the C&P system as opposed to the education system. It should also be noted that there are 5 million active C&P records as compared to 1.4 million or less education records from which payments are made on the first of each month.

RECOMMENDATION: It was recommended that we revise our computerized overpayment letters to make them more effective.

The desirability of showing the detailed basis for computation of the overpayment in the initial letter, as proposed, has been considered on several occasions. While inquiries asking how the overpayment was computed may be intended on occasion to delay the repayment process rather than to gain specific knowledge of the amount and circumstances of the overpayment, some cases do present a rather lengthy or complex computation. In these cases, it is advisable to perform a specific case review and to write a personal letter rather than to rely on a computer generated letter. While we now do this on a limited basis, we will review all of our procedures to seek better ways to accomplish our objectives. However, as to the first demand letter we have a particular problem. The priorities given other computer programming assignments create problems which may hamper our efforts for the immediate future. Nevertheless, we will do what we can pending the final arrival of TARGET which arrival will solve much of our problem.

RECOMMENDATION: It was recommended that faster action be taken to collect overpayments.

Overpayment balances on hand did increase dramatically from the end of FY 1970 to December 31, 1975. During this period of time, $1.4 billion in overpayments was established, of which 78% were disposed of by collections or other proper disposition. Of the $298 million balance on hand as of December 31, 1975, $33.5 million are being liquidated by offset from other benefits, or as a result of prepayment plans which have been arranged. We have vigorous plans as to the remainder as heretofore indicated. Thus notwithstanding the balance on hand and the events that caused it, we believe that our collection efforts and results concerning educational overpayments have been very significant.

As stated in the report, we have centralized all new (as of 1/1/75) accounts receivable activity in St. Paul, Minnesota (CARS) to strengthen our collection activity. It is unfortunate that the impact of increased overpayments and the untrained people in the newly established CARS, came at the same time. However, we have continued to improve this operation and more improvements are contemplated. For example, cycle processing is scheduled for April which will permit overpayments to be reported to CARS from Hines on a cycle basis as opposed to once a month as is now the case. Extensive use is now made of microfiche and microfilm to facilitate handling of records. Employees are now becoming more proficient and a continuing review is made of collection procedures to insure they are of the best quality to meet the intended purpose. It is our opinion that the continuous improvement in the operation of CARS will soon be reflected in an increase in the collection of overpayments.

RECOMMENDATION: It was recommended that VA establish an automatic cross checking system for matching overpayment against all veteran benefits ot effectuate possible offsets.

We already have a cross-checking procedure in CARS after the second demand letter to determine if the veteran is receiving benefits from some other program from which collection can be made. This check is made prior to a debt being referred to GAO as uncollectable. For those overpayments remaining at the field stations, we have a somewhat similar system. With respect to this subject there are relatively few cases where veterans draw compensation and also have education overpayments. However, in every case where this occurs, offset is accomplished and no monies are lost.

Upon full implementation of the TARGET system, there will be a combined data base so that the problem of offsets of one system against the other will not be a problem and will be automatic as suggested by GAO.

Presently the two systems are not designed to interrogate each other. We do not believe that it is advisable to make these significant program modifications at this time pending full implementation of TARGET. The problems at Hines are more pressing and as important as collection of overpayments are. We cannot further jeopardize our basic payment procedures at Hines by implementation of new programs or procedures. A feasibility study would serve little purpose as we already know that our Hines capability has reached its extreme outer limits.

PRINCIPAL VA OFFICIALS RESPONSIBLE FOR ADMINISTERING ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
ADMINISTRATOR OF VETERANS AFFAIRS:		
R. L. Roudebush	Oct. 1974	Present
R. L. Roudebush (acting)	Sept. 1974	Oct. 1974
D. E. Johnson	June 1969	Sept. 1974
W. T. Driver	Jan. 1965	May 1969
DEPUTY ADMINISTRATOR OF VETERANS AFFAIRS:		
O. W. Vaughn	Nov. 1974	Present
Vacant	Oct. 1974	Nov. 1974
R. L. Roudebush	Jan. 1974	Oct. 1974
F. B. Rhodes	May 1969	Jan. 1974
A. W. Stratton	Nov. 1967	May 1969
Vacant	Sept. 1967	Nov. 1967
C. F. Brickfield	Feb. 1965	Sept. 1967
CHIEF BENEFITS DIRECTOR:		
R. H. Wilson	Jan. 1975	Present
J. J. Mulone (acting)	Nov. 1974	Jan. 1975
O. W. Vaughn	Mar. 1973	Nov. 1974
O. B. Owen	Feb. 1970	Mar. 1973
R. H. Wilson	July 1969	Feb. 1970
A. W. Farmer	Nov. 1967	July 1969
A. W. Stratton	Feb. 1965	Nov. 1967
CHIEF DATA MANAGEMENT DIRECTOR:		
W. R. Martin	Oct. 1975	Present
W. R. Martin (acting)	Aug. 1975	Oct. 1975
R. T. Brown	Aug. 1974	July 1975
P. J. Budd	July 1963	July 1974

OVERPAYMENTS AND ENFORCEMENT OF STANDARDS IN THE VETERANS' EDUCATION PROGRAM

TUESDAY, APRIL 13, 1976

U.S. House of Representatives,
Subcommittee on Education and Training of the
Committee on Veterans' Affairs,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 343, Cannon Building, Hon. Ronald M. Mottl presiding.

Mr. Mottl. The subcommittee will come to order.

Last week, GAO officials reported to the committee that veterans' educational assistance overpayments have reached $1.4 billion. The GAO said that these overpayments were the result of the advance-prepayment law, some unscrupulous veterans taking advantage of the program, some schools failing to meet their responsibility, and ineffective administration of the law by the Veterans' Administration.

GAO submitted a comprehensive report on its findings and made a number of recommendations to the Veterans' Administration to reduce and eliminate overpayments. The Veterans' Administration's response to the recommendations are included in the GAO report dated March 19, 1976, and will be made a part of the hearing record.

Today, VA officials will tell their side of the story. The subcommittee is anxious to know the causes of these overpayments, and why they have so dramatically increased in the last several years.

As bad as identified overpayments are, preliminary investigations indicate this is just the tip of the iceberg. An illegal game being played by thousands of veterans goes like this: The veteran enrolls, rarely if ever attends a class, withdraws just before the final exams, then promptly reenrolls for the next term or semester. There is no penalty by the school and the veteran continues to receive his GI bill check with no interruptions.

Then there is the deceptive practice of accredited educational institutions who sell their good names to a profitmaking educational group. Another circumvention of the law sometimes occurs when the Veterans' Administration accredits an educational institution in a certain State which sets up branches in other States which don't measure up to VA standards.

Recently the Veterans' Administration's enforcement and compliance procedures were handed a severe setback by a U.S. court in California. The subcommittee wants to hear the details of the case involved and how its implications could cause an administrative nightmare and result in even more overpayments.

These and many more aspects of the veterans educational program will be discussed. However, the VA has been requested to reserve its testimony on Standards of Progress for the hearing on Wednesday, April 28, 1976.

Today our witness will be Mr. Rufus Wilson, Chief Benefits Director, Veterans' Administration.

Mr. Wilson, before you begin your testimony, will you be kind enough to introduce your colleagues to the committee.

STATEMENT OF RUFUS H. WILSON, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION, ACCOMPANIED BY ANDREW H. THORNTON, DIRECTOR, EDUCATION AND REHABILITATION SERVICE; CLARENCE G. GREENLAND, DIRECTOR, BUDGET STAFF, DEPARTMENT OF VETERANS BENEFITS; MARTIN D. CARLIN, EXECUTIVE ASSISTANT TO THE CONTROLLER; AND WILLIAM G. MALONE, ASSISTANT GENERAL COUNSEL

Mr. WILSON. Mr. Chairman, I have with me, Mr. Andrew H. Thornton, Director, Education and Rehabilitation Service; Mr. Clarence G. Greenland, Director, Budget Staff, Department of Veterans' Benefits; Mr. Martin D. Carlin, Executive Assistant to the Controller; and Mr. William G. Malone, Assistant General Counsel.

Mr. Chairman and members of the committee, we are pleased to have this opportunity to speak to your committee regarding the current status of the educational assistance allowance program.

The current Veterans' Administration education program is, to say the least, a vast one. At the end of February 1976 there were 1,896,013 veterans and other eligible persons in training. This compared to 1,792,710 at the end of February 1975. Chapter 34, and that is the basic Veterans' Administration education program, Mr. Chairman, veterans attending institutions of higher learning increased some 178,000 from 1,129,000 in February 1975 to 1,307,000 in February 1976.

The past year has been a challenging one for the VA, especially with regard to our education program. It was during this period that we revised VA regulations to give greater guidance to State-approving agencies so that they'd be better equipped to set approval criteria with respect to school attendance along with progress and conduct standards. As abuses of the program became more and more evident, we endeavored to make clear just what it was that the State approving agencies, the schools and the veterans themselves had to do to rectify the abuse problem. We believe that the steps we've taken over the past year have zeroed in on most of the problems.

We have urged schools to promptly report changes in student course loads. Through meetings with representatives of the academic community, we have made that group aware of the problems and of the fact that we at the VA are going to do something about them. We've made it clear to them that where we find overpayments which resulted from a school's negligence, we will hold the school liable.

Our veterans have also been put on notice that when they receive an educational benefits check, they can cash it only if they're entitled to it. To accomplish this we sent out a "caution" stuffer with education checks; this was done in November 1975 and once again in March.

Our feeling is that, while we do have a serious overpayment problem and while many abuses have come to light over the past year, we are meeting these problems headon. In fact, in the course of dealing with these issues we have uncovered many overpayments which might otherwise have gone undetected. Our increased compliance survey efforts over the past year have led to the disclosure of a substantial increase in the number of these overpayments.

Over the past 12 months, we have also noted an increase in the number of "contracting out" situations, to which you have referred. As you know, a number of schools and colleges have entered into contracts with other schools and businesses in order to receive such services as recruitment of students, supplying of instructors, and supplying of course outlines. In many such cases involving colleges which offer a standard college degree, these contracts often appear to be an attempt to circumvent the 50-percent employment requirement and the 85- to 15-percent ratio requirement. We will say more about the "contracting out" issue and what we are doing about it later on.

Further on in this presentation I will also explore with you developments regarding our Vet-Reps on Campus, the work-study program, branch location problems and the results of our 50 percent employment survey.

Let me just say at this point, Mr. Chairman, that we at the VA feel we are serving the veteran's educational needs well. This is not to say that we are going to be lulled into complacency. After all, we have a very important client—the veteran. He deserves our very best efforts and I assure you that he will continue to receive our best efforts. And we are trying to make sure he receives the payments. We're getting benefit money to him when he needs it. What we have to do, and in fact have been doing over the last several months, is to develop procedures and policies whereby that small minority of veterans who shouldn't be receiving the money, does not in fact, receive it.

I would like to address in some detail the problem of overpayments and some of the causes. Obviously in any system which makes payments directly to as many persons as ours does, and which is so dependent upon the person to whom the benefits are paid—as well as third parties, such as the schools—to provide the dates upon which the amounts of the benefits are to be paid, overpayments are likely. Our goal is to keep the amount of such errors to a minimum and not to contribute to them by inefficient processing procedures.

The unfortunate aspect of the overpayment problem is the increasing willingness of a comparatively small number of veterans to take and use money to which they are not entitled. I say comparative, Mr. Chairman, in terms of the whole, but it is certainly not an insignificant number. The attitude seems to be, "I know that this money is not rightfully mine under the law, but I served in an unpopular war, and the system owes it to me." High unemployment rates coupled with the increased amount of monthly educational assistance allowances available have combined with the lax standards of many educational institutions to make abuse more prevalent. If this trend were to be allowed to continue, the basic intent of the GI bill could and would be distorted.

We are coping with this problem by better utilizing the tools of compliance surveys and better internal management. A perfect system is unattainable because it would entail too much delay in payment of benefits properly due to the majority of the persons eligible and would necessitate too vast an expenditure of manpower by the agency. Instead, we have opted for a system which is more consistent with our resources. We will increase the allocation of resources in the areas of compliance surveys and collections, and we will insure that the State approving agencies are requiring students and institutions to fully comply with the law.

We have instituted new standards of progress regulations, about which I have previously spoken. We are also increasing the number of annual compliance surveys to be conducted at institutions of higher learning. The provision of law which requires the vocational school to demonstrate that 50 percent of its graduates obtain employment in the field for which trained will inevitably weed out some schools. These schools are the very ones most likely to encourage the student to seek benefits to which he or she is not really entitled or to train solely for the "profit" to be gained after tuition is paid.

Finally, we have agreed to test the new internal processing procedures recommended to us by the General Accounting Office in an attempt to make our operation more efficient.

Of course, the total effect of all of these efforts during fiscal year 1976 inevitably will be to increase the overpayments temporarily until the system has stabilized. Hopefully, the full impact will be evident in fiscal year 1977, although some indication of the trend may be gleaned from the full fiscal year 1976 data which will be available in a few more months. I would like to provide you with data on the VA's experience in years past, so that you will have a basis for comparison when future data becomes available. This data is summarized Mr. Chairman in the following table which I would like to have inserted in the record.

Briefly at the end of fiscal year 1975, we had $220,204,000 in the accounts receivable that we were trying to collect, and that has gone up some $125 million more since the end of 1975.

[The table follows:]

EDUCATION ACCOUNT RECEIVABLE

[In thousands of dollars]

	Fiscal year—				
	1971	1972	1973	1974	1975
Balance, start of year	8,406	13,972	20,155	60,580	123,764
Establishments during year	32,987	50,785	142,411	269,027	446,332
Total available	41,393	64,757	162,566	329,607	570,096
Less dispositions:					
Cash collections and offsets	25,998	41,831	98,121	197,286	333,485
Waivers and compromises	97	199	543	907	894
Terminated	1,330	2,572	3,322	7,650	15,513
Total dispositions	27,435	44,602	101,986	205,843	349,892
Balance, end of year	13,858	20,155	60,580	123,764	220,204

Just a word about the recent GAO study on the educational assistance overpayments problems—we received this report and studied it in depth and then discussed its conclusions with representatives of GAO. Our written comments were later included in the final report.

I might say, Mr. Chairman, that we had an excellent interview with the GAO about their study.

We did not agree in part with the statisical basis they used. We thought the 135 cases they looked at in California were perhaps not statisically representative of the entire situation in the country.

We also thought that California was unique in that in many, many instances a free tuition situation existed, which might not be comparable to other places around the country.

We stated to the General Accounting Office representatives that a number of recommendations they made were concerned with procedures we were already placing into effect, in whole or in part.

We have no basic quarrel, however, with the GAO report, as to the general situation with regard to the overpayment problem.

We might differ with them as to some of the percentages they arrived at, but certainly we agree that advanced payments and prepaid payments have a very material effect.

Certainly we agree that laxity on the part of the veterans and the schools has a very serious effect. Certainly we agree that we made errors ourselves.

We know there was a normal processing timelag inherent in both the school activity and in our administrative activity which contributed in part; and we would agree, in some instances, that special payments made under the GI bill program resulted in overpayments, which otherwise would not have been made. So we have no basic quarrel with the findings of the GAO, except we would argue perhaps with some of their statistics, we would argue with the California base, and we would emphasize that a number of things they recommended, we are already doing.

GAO is concerned with better liaison and better advice and guidance to State approval agencies. We are doing this already.

I previously mentioned we have sent out stuffers to all recipients of GI-bill checks. GAO advised in their opinion we ought to do more of this kind of thing.

The GAO said that we ought to require schools to have better standards of progress, and we have been working on that.

They advocate certain new payment procedures such as a bypass procedure to adjudicate some awards, Mr. Chairman.

We have agreed to institute a pilot program in this regard to see if this will work. The pilot program will take place in Montgomery, Ala., and Pittsburgh, Pa.

We will carefully gage that pilot program to see if we ought to institute a nationwide system.

The GAO advocated the same thing in 1971. The Veterans Administration agreed to do it in those days. Later on it changed its mind, because we thought there were an abnormal number of errors inherent in that kind of program, but we are going to test it again.

The GAO suggested that we have computer listings of veterans related to certain specific schools where there might be specific problems over and above those that might be generally experienced. GAO also made this recommendation some time ago, and reiterated it in their latest report.

We have agreed to reinstitute that program. Later on, we had second thoughts in that there were some instances that were counterproductive, or not working quite the way it had been anticipated, but we are going to reinstitute it, and we have so told the GAO.

GAO has asked us to try to correlate computer tapes in the education program against compensation and pension tapes. In cases of overpayments, we could perhaps offset overpayments.

We have explained to GAO, and I think the report reflects that under our current machine procedures, we simply cannot do that. We are, however, accomplishing the same objective in a manual way out at the regional offices. We run education overpayments against situations where compensation and pension payments might be received by veterans in order to offset those kinds of benefits.

The GAO suggested we change some of the wording in our demand letters that go out in our automated system in Minneapolis, Minn. We are looking at that. We have some legal problems with it, and we have some mechanical problems with it. We will do what we can.

I would reiterate, Mr. Chairman, in our interview with the General Accounting Office representatives, and in our written report, we have no serious findings or disagreement with them in terms of what has caused a great deal of the problems.

We would hope that the record would be clear that we have made an intensive effort over these past 12 to 18 months to try to do something about this problem.

Certainly, we would agree, however, we can do more, and we will.

Mr. Chairman, I would like to inform you of a situation which merits the attention of all present today. It concerns a correspondence-residence course in semitruck driving offered by a certain school located in Indiana. The course was approved as a nonaccredited course by the Indiana State approving agency. The course is considered nonaccredited because it has been neither accredited nor approved by a nationally recognized accrediting agency or association.

On August 18, 1972, the Federal Trade Commission issued a consent cease-and-desist order in the matter of the school in question. The order was modified on October 16, 1973. It has remained in full force and effect as of this date.

Some 7,000 students are going to this school, and as of our last accounting period, some 718 remain.

The order in effect bars the school from claiming in any way that its course provides the training needed to fulfill the requirements for the attainment of the objective, semitruck driver. As you know, a course which does not provide all of the training necessary for the attainment of the stated objective, and whose graduates require additional training or experience before becoming fully qualified, does not constitute a program of education under the law.

The Federal Trade Commission order was first brought to the attention of the VA in late 1974. When the VA became aware of the Federal Trade Commission's action, in order to obtain separate evidence as to whether or not the school's course constituted a program of education, a report of evaluation of the combination correspondence-residence course was requested from an independent expert, Dr. Walter Gray, director, Driver and Traffic Safety Demonstration Center, Indiana State University.

I might say, Mr. Chairman, the course consists of some 50 correspondence lessons and 2 weeks in residence at the school itself in Indiana. Dr. Gray's report contains several facts and conclusions which support a finding that the semitruck driving course does not meet the requirements of a program of education.

We therefore held, in the Veterans' Administration, as a matter of law and of fact, that the course given by the school was not a program of education as defined by law. Enrollment in the semitruck driving course was disapproved as of January 31, 1976, unless a valid affirmation dated not later than January 31, 1976, was in file.

We requested the Indiana State approving agency to withdraw the school's approval. On January 22, 1976, our Indianapolis regional office received notification from the Indiana State approving agency that it was withdrawing its approval of the semitruck driving course offered by the school effective January 31, 1976. However, on January 26, 1976, less than a week later, the State approving agency informed the regional office that the notification of the withdrawal of approval was in error and that the approval was being reinstated.

As the Indiana State approving agency failed to withdraw approval of the course, a hearing was held by the Committee on Educational Allowances at the VA regional office in Indianapolis, Ind., on March 4, 1976, to consider the discontinuance of our benefits to all eligible persons enrolled in the semitruck driving course. Notice of this hearing was published in the February 17, 1976 edition of the Federal Register. The school had the opportunity to appear before the committee and present arguments and briefs in support of its position in the case. On April 5, 1976, the committee submitted its report which held that the school did not provide a program of education.

At this point I would like to make some comments regarding the VA work-study program. As you are aware, a single contract may now be made for a maximum of 250 hours and the 800 man-year limitation has been lifted. These modifications to the original program resulted from Public Law 93-508. For the fiscal year to date through February, a total of 32,288 agreements have been made. Of this number 9,218 have been terminated.

So far this fiscal year the number of hours worked is 4,235,315; chapter 34 veterans account for 4,057,812 hours of this total and chapter 31 veterans account for the balance of 177,503 hours. The total hours worked translate into a dollar amount of $10,588,280.

The total current allocation for this fiscal year is 9,459,600 hours. This means that the total cost of the program, based on this allocation, will be approximately $23,649,000. Were all the contracts to be made for 250 hours, a minimum of 37,838 veterans could participate. We know from previous experience with the program that even though some veterans will make more than one contract, larger numbers of veterans will make contracts for less than 250 hours. Therefore, we estimate that 70,000 veterans will actually be participating in the program.

Work-study students perform a variety of functions not only at VA offices and hospitals, but also at educational institutions. These students are involved in outreach services, compliance surveys, the preparation and processing of necessary papers at VA offices and many other VA-related activities. This was explored, Mr. Chairman, at the request of the committee.

I would now like to comment on the 50 percent employment survey.

Mr. Chairman, as you know, Public Law 93-508 authorized us to approve the enrollment of any eligible veteran in any vocational course only if the eligible veteran or the institution offering the course submits justification showing that at least one-half of the persons who completed the course over the preceding 2-year period, and who were available for employment, have been employed in the occupational category for which the course was designed to provide training.

We believe that this legislation is meaningful and will enable the veteran or other eligible person to obtain the kind of education which Congress intended that educational assistance benefits should provide. A school should be able to demonstrate that its training in fact fulfills the requirements for the attainment of a vocational objective. This can be done only by furnishing evidence that a substantial portion of those students trained in the course have obtained employment in the field for which the course trained them, or in a closely related field.

Schools were advised by the dissemination of instructions of the need to complete the survey. Instructions were issued on May 12, 1975, and schools were required to complete the survey by July 1, 1975, unless they requested an extension as some did until November 1, 1975. Most schools did request the extension and were granted it.

We cut off processing the reports on individual courses the end of February 1976 in order to obtain useful information from the reports which had been processed. Preliminary investigation of the findings indicates that of the schools that responded, over 97 percent met the criteria set forth; however, we failed to receive employment data for 32 percent of courses offered across the country. We found that 87.1 percent of the average graduates were employed in the same or closely related type of work. But that is as to the survey report received, and it is significant that 32 percent of the courses offered were not reported to us. There is a continuing trickle of additional courses which might be added to those already reported as completed reports are received for the large number of delinquent cases.

Mr. Chairman, I would next like to discuss the problems of "contracting out" which we have encountered in our administration of the education program.

As mentioned earlier, we are concerned with the dramatic rise in the number of recruiting, consulting, and other specific service-type contracts that schools are entering into with profitmaking organizations. The most common type of contract involved recruiting services offered to degree granting schools, particularly business colleges, by profitmaking, noneducational organizations.

The nonprofit educational institutions which are entering into these recruiting contracts are generally colleges accredited to offer standard college degrees. Thus, they are not subject to the 2-year rule, the 85 to 15 percent ratio requirement, or the 50 percent employment requirement. The proliferation of business colleges, as well as other colleges, entering into recruiting contracts which capitalize on these special exemptions raises serious questions concerning the validity of the legislative premise which gives special exemptions to degree granting institutions.

The services offered by these nonacademic organizations include bookkeeping, computerizing school records, recruiting students, training the school's recruiters, supplying instructors, supplying course outlines, material, and textbooks, and helping the colleges set up additional classrooms off the college's traditional main campus.

Some contracts cover only one of these services, some several, and some all of them. In return for these services the outside organization receives a portion of the tuition charged by the schools.

Depending upon the services contracted, these practices have led to problems between the school and the VA with regard to independent study, the mass opening of branch locations, which I will discuss at greater length elsewhere, and misleading advertising.

Where the outside organization was itself a school it appears as though the contract was a method of avoiding the 2-year operation requirement, the 85 to 15 percent veteran-nonveteran ratio requirement and other sections of the law specifically forbidding approval for certain types of vocational courses. In some cases the colleges offering the courses were giving up control over the courses.

We have found that the recruiting organizations are primarily recruiting veterans. Although the contracts cite the need to "recruit students" who would otherwise be denied educational opportunities, we have found that, in reality, the only people being recruited are veterans and the strongest and most successful recruiting tactic is the monetary incentive to be gained from the receipt of VA benefits.

As we review these contracts, it appears that the schools and the nonacademic organizations are entering into profitmaking, joint venture or partnership undertakings which are directed solely at the benefits being paid to veterans and other eligible persons.

For example, a school in Montgomery, Ala., entered into an agreement on April 25, 1975, with an organization. The contract called for the recruitment of students by the nonacademic organization, as well as the administration of school extensions by the nonacademic organization.

Another school, a junior college located in Boston, Mass., entered into a contract during July 1975 with such a private corporation. The contract stipulated that the corporation would help the college formulate its budget, maintain its data processing system, and advise the college on admissions. It should be noted that the veteran population at this college soared from 50 to 60 veterans in 1972 to over 5,800 during 1975. These contracts, Mr. Chairman, are both within the bounds of the law.

One of the recruiting outfits operates three highly profitable business programs in the United States. We are aware of two other schools that considered entering into or did enter into recruiting agreements with the same organization. The veteran enrollments at these schools have more than doubled in the past few years.

In cases where independent study courses were being offered, we became concerned about their quality. For example, during 1973 a school in Missouri, accredited for degree programs by North Central Accrediting Association, one of six nationally recognized accrediting associations, entered into an agreement with a corporation located in Denver, Colo. The corporation was a proprietary profit organization and a correspondence school approved by the Colorado State Approval Agency for enrolling veterans in their correspondence courses.

The terms of the agreement were that the school would, through a program of independent study, confer a two school year (equivalent) associate of technology degree and exercise administrative control over the program. The individual courses in the program were similar to, if not the same as, the corporation's correspondence course. The corporation sold and taught the course using their representatives. The degree program, based on the school's accreditation, the Missouri State Approval Agency's favorable action, and compliance with proposed regulations on independent study published in the Code of Federal Regulations, September 27, 1973, was approved for full-time educational assistance under the law. The cost of the course to the student was $2,107 for the equivalent of 1 school year. Of this $2,107, the corporation received $1,777 for its services.

By November 1974, more than 13,000 veterans located in approximately 40 States had been enrolled and were receiving benefits. Classes were conducted at a number of nontraditional settings. For the most part, students were attending class 1 day a month at a motel and were being paid at the same rate as students who were actually attending the main campus of the university on a full-time basis. University officials, apparently because of their inability to maintain effective administrative control, terminated their contract with the corporation and would not accept new enrollments effective November 8, 1974.

In order to combat this kind of situation, the Code of Federal Regulations was revised in December 1974. Now, before an eligible veteran can receive an educational assistance allowance for pursuit of an independent study course, the course must consist of a prescribed program of study with provision for interaction either by mail, telephone, personally or by class attendance between the student and the regularly employed faculty of the university or college. Furthermore, if one half or a greater portion of a student's credit hours in a given term are independent study, the independent study program must be measured as less than one-half time training.

In recent compliance surveys conducted at colleges located in California and Hawaii, we found that the two schools in question had subcontracted their respective prep programs to an outside group. The administration of these programs was divided between the program coordinator at the colleges and the administrative site in San Clemente, Calif. (where the outside group has its offices). Regular reporting to and control of the parent school was virtually nonexistent. A number of problems ensued from the arrangement between the two schools and the outside group.

Basically, the enrollment of servicemen was as follows: the serviceman would enroll at the branch site and an application for educational assistance would be forwarded to the administrative site at San Clemente. The administrative site would then execute the school portion of the form, including the institution's certification as to required deficiency, remedial or refresher subjects and the enrollment certification. The completed form was then signed and forwarded to the Veterans' Administration. The certifying official at the administrative site was a member of the outside group, identified as Director, Prep program. The exception to this procedure was that the Hawaii school officials certified deficiency courses for the Hawaii program prior to submission to San Clemente. In some instances the serviceman was certified as to need, enrolled and then tested as to need, rather than first being tested, and then, only if the need was found, being certified and enrolled.

Surveys at the Prep sites during 1975 disclosed several major discrepancies, most important of which was the matter of certification of "credit-hours" as opposed to clock hours. Originally the parent campuses were approved to offer Prep programs on a clock-hour basis.

Subsequent to the enactment of Public Law 92–540, which permitted programs of this type to be measured on a credit-hour basis, Prep programs operated by the outside group under the aegis of the parent schools, began certifying revisions of the Prep program approvals from the appropriate State approving agencies to allow measurement of their courses on a credit-hour basis and without notifying the VA offices involved of their new procedures. Subsequently, credit hours were arbitrarily assigned on certifications regardless of the number of hours per week a serviceman spent in class. A clock-hour equivalent to the credit-hours was then certified to the VA. However, this so-called equivalent bore no relation to the actual number of clock-hours for which the serviceman was enrolled. The false certifications as to hours seem to be motivated by a possible shortage of reimbursement which could have resulted had actual hours been reported. The consistency and possible motivation create a reasonable suspicion that certifications were intentionally false: that is, a 6-week course offered by the Prep program with total charges of $165 and certified on a credit hour basis would be reimbursable by the VA at its full amount. However, based on the certification of actual scheduled hours only $82 would be reimbursable.

Substantial overpayments have been discovered as a result of this erroneous reporting. During 1975, surveys by the VA revealed an estimated $264,000 to $352,000 in overpayments at three approved sites in the Prep program at the California school; school officials estimate that there are approximately $1.5 million in overpayments for Prep enrollments at their several additional approved sites. In the case of the Hawaii school, overpayment amounts are not currently available; however, approximately 1,000 cases are involved.

Other discrepancies disclosed by the VA were that the administrative site in San Clemente consistently furnished erroneous certifications as to scheduled clock-hours per week, and the VA was not promptly notified when students terminated or interrupted training, or when students ceased to meet the school's policy for attendance. In addition, there was no satisfactory conduct or progress policy, and the schools did not have an appropriate refund policy. Students were also reported to the VA as being enrolled in certain courses when, in fact, they were enrolled in other approved or even unapproved courses.

Currently, overpayments are being established for cases at the Hawaii school with possible future consideration of school liability. This matter was reported to the U.S. attorney, and we have been advised that criminal prosecution has been declined. Of course, this is most discouraging to our effort to curtail improper charges by the schools.

The contracts entered into by the colleges with outside groups often provide for the establishment of branch locations. This has caused additional problems when the branches were out of State.

Originally, the State approving agency for the State where the main campus of a college is located was responsible for approving all of the college's extensions, including those out of State. This resulted in three main problems.

First, it resulted in cases such as the one in a Missouri school where the institution was operating illegally in a State, but its extensions out of State were still approved by the Missouri State approving agency.

Second, these out of State extensions are often located at nonacademic sites such as motel rooms. This was true for several schools which had contracted with the same outside group. Since the staff of a State approving agency does not have jurisdiction outside its own State, these sites were being approved.

Third, these out of State extensions tend to have a student body consisting almost entirely of persons eligible for benefits under the GI bill.

Although these problems primarily occur as the result of a contract, they also exist without one. Currently, at another Missouri college, the school has opened branches across the country operating at sites such as VFW halls, sheriffs' offices, airport flight facilities, and motel rooms. These are resident courses, but they are offered mainly to servicemen and veterans. All of these courses were approved by the Missouri State approving agency. This college had been operating illegally in Indiana and had to cease operating there as a result of an order by the Indiana Private School Accrediting Commission.

To rectify this, the approval procedure has been changed. Out-of-State extensions are now approved with few exceptions by the approving agency of the State in which the extensions are located.

The law provides that the Administrator shall not approve the enrollment of an eligible person or eligible veteran in any course offered by an educational institution when the course has been in operation for less than 2 years. The law also provides a number of exceptions, including one for a course which is offered by a nonprofit educational institution of college level and which is recognized for credit toward a standard college degree.

We asked our General Counsel whether this exception to the 2-year requirement should be applied in the above situations. And I might say, sir, the staff of this committee was very instrumental in assisting us in solving this problem. The General Counsel held that where a course is offered pursuant to a contract entered into between a nonprofit educational institution and another educational institution or organization which permits outside recruiters furnished by the outside organization to obtain students for the course; payments of substantial fees to the other institution or organization for material with "profits" paid to the nonprofit school offering the course; the conducting of the training in nonacademic surroundings; or the expansion of course offerings by the institution well beyond its normal boundary, then and in that event the exception to the 2-year requirement stated earlier should not be applied.

However, there still remains the problem that these out-of-State extensions tend to become schools for veterans only. As long as the courses lead to a standard college degree offered by a nonprofit educational institution, there is no provision of law which would allow the

VA to require the college to enroll nonveterans at the extensions; thus, in effect, they beat the 2-year rule.

Turning to the educational loan program, the education loan program which went into effect on January 1, 1975, has not been as popular a program with veterans as we had anticipated. One reason for this general lack of interest is, we believe, the fact that the amount available ($600) per academic year is relatively low. Just as a point of comparison—2 months of full-time assistance allowance for a single veteran yields $540. Also, the requirement to list at least two lenders who refused to make a loan under the guaranteed student loan program may serve to inhibit application for the program.

Through December 31, 1975, 8,895 applications were received; 6,827 applications were approved, and 1,968 were denied. For the current fiscal year to date, 6,477 loans have actually been paid to veterans. A cumulative total of $4,943,732 has been loaned to veterans.

Now, I would like to say a few words about our veteran-representative on campus program. At the end of February of this year, we had 1,273 vet-reps servicing a total of 4,382 institutions. Of this number, there were 526 institutions of higher learning receiving services from a full-time vet-rep and 2,623 IHL's receiving services part time. In addition, a total of 1,233 non-college-degree institutions benefited from vet-reps' assistance. Many times, it is because of the efforts of this group of VA employees that small problem areas do not develop into impossible situations.

So far this fiscal year, vet-reps received 414,397 educational assistance inquiries, of which 396,627, or 96 percent, have been resolved. During the same period, they conducted a total of 2,272,249 interviews with veterans and other eligible persons. Additionally, vet-reps received 878,472 education certification requests from July 1975 through February 1976.

Also, through regular contact and discussion of VA educational assistance programs, vet-reps maintain liaison with school officials. They keep in touch with campus news media in order to alert veterans to changes in law, procedures, and VA policies. Further duties involve coordinating VA matters with oncampus veteran groups and providing these groups with briefings on pertinent topics. As you can tell, these individuals have a most important role to play in our education program as they are on the frontlines, so to speak, where the action is taking place.

Mr. Chairman, this concludes my formal presentation. My associates and I will be pleased to respond to any question you may have.

But first I might discuss for a few moments some of the basic difficulties that have been brought to the forefront. You previously indicated in your opening statement, that advance and prepay have caused a great number of our problems, and certainly that is true.

We need to say, however, that in many instances—the vast majority of instances we think—that advance and prepay have been extremely valuable to a significant number of veterans.

This is because it has enabled them to go to school with what they often call "some bread" in their pockets. They have been able to pay tuition at the beginning of the semester through advanced pay, and then have had some money in their pocket.

The prepay and advance propositions or provisions were a noble experiment. In most instances they have worked. At the time they were instituted at the administration's request and by approval of the Congress they were designed to overcome a very serious problem around the country, which was to put money into the veteran student's pocket at an early time in a school career.

There are those who say these laws ought to be repealed.

We think not at this point in time, and we would like to give our new standards of progress rules, which we will discuss in our next hearing, time to work their will, and time to work their purpose.

We think they will work. We think State approval agencies are doing a better job than they have previously done.

We think our advice to all concerned is better than it was previously.

We think our representative on the campus program will be of great assistance. The General Accounting Office spoke to this in their report.

We think our tightening up of procedures will help. If because of this, schools do what is required of them under the law, particularly institutions of higher learning, things will be much better than they have been in the past.

I have to say with respect to that, that over a long period of time, we did not do the kind of compliance activity at the institutions of higher learning that we did at the instittuions below the degree granting level.

We have now corrected that, and we will be doing a great deal more, and doing it more in depth.

There have been situations that have come to our attention that are as deplorable to us as they must be to the committee, situations where particularly ripoffs have taken place.

In the State of Maryland, a State-approval official talked about situations at a number of community colleges. These situations at those colleges need to be outlined for the committee and the public.

Time after time, students enrolled, seldom attended classes, withdrew immediately before the final examination, and then reenrolled in the same coure the following semester, with no report being made to the Veterans' Administration, as to satisfactory progress not having occurred.

This, in our opinion, was not in accordance with the law, and we have attempted to do something about it and are doing something about it.

It happened not only in Maryland, it happened across the country, in far, far too many places.

At this point I need to emphasize, Mr. Chairman, as I did in my opening statement, that the vast majority of people pursuing educational benefits under the GI bill have been doing it in the way intended by the Congress. But the significant minority abusing the program is just that, a significant minority, and something needs to be done about it.

The chairman is aware of a situation at a school in Alabama, where we did a compliance survey. There were literally hundreds of cases of no records being kept, as to students supposedly enrolled in that school, who were receiving benefits month after month after month.

Often we could not even find the names in the school records.

As we made followup compliance surveys, after the initial one and I think we made four, and we are about to do another one, records began to show up that were previously missing.

I am told that in one instance, where we could not find the records of an individual, and, therefore, we of course suspended payments on him, and he had been certified to us as a proper enrollee, he turned up, and told our VA regional officials in Montgomery, Ala., that he was about to be the valedictorian.

We have a situation out in the West, and repeated on several occasions, where an instructor enrolled himself in his own courses.

We probably would not have caught him, except he certified himself on the dean's list as being an outstanding student.

That case, of course, has been reported to the proper authorities, and appropriate action has been taken.

In South Carolina, we found situations where tutoring was being given in a group setting contrary to the law, which calls for individual tutoring.

The benefits of this tutoring, paid for by the Veterans' Administration to the regional office in Columbia, as we understand it, was being split up between some of the so-called tutors and some of the veterans supposedly receiving tutorial assistance.

At Citrus College in California, we have particular concern.

We did a compliance survey at this community junior college. We found a significant number of discrepancies. They were of every description.

They were concerned with whether a person changed from one kind of enrollment to another with that change not having been made known to us. They concerned standards of progress, they concerned students apparently taking the same courses over and over again without appropriate notice being given to us. They concerned no credit being given for previous education prior to enrollment in a particular course. All of these matters are concerned with requirements of the law.

The compliance survey having showed up these discrepancies, we suspended our activity at Citrus College.

Over a period of time we were able to straighten out a great number of the discrepancies, and get appropriate payments made to individuals concerned.

Necessarily a significant number of overpayments took place, and we will be attempting to collect them from the veteran hopefully, recouping from future benefits he might enroll under. Failing in that we also will be assessing liability against the school itself.

Some of the students at Citrus felt aggrieved and went to court. The Veterans' Administration has authority to make rules and regulations, and such rules are not reviewable by the courts, there being an appellate procedure within the Veterans' Administration. This finality of decision by VA has long been upheld by the courts, including the Supreme Court. However, under the due process clause of the Constitution, these students said they had not been given a right to a hearing, not been able to review their files, and had not been able to find out why it was they had been declared overpaid, suspended, or reduced.

The students sued the Veterans' Administration and also sued the school. A preliminary hearing was held, and I recall, a second preliminary hearing, and now an injunction is in the process of being prepared, which says to us in essence the following: We cannot suspend, reduce, or terminate a student without giving him a 30-day notice; without affording him the right to go through his file; without affording him the right to come to the school, sit down with the VA and perhaps a school official, to see exactly what it is that caused action against him.

It is often not really a matter privy to him, Mr. Chairman, because he often would not even know if the school has or has not properly certified him. But in every one of those kind of instances, we are going to have to continue payments to him, and we have had to put these people back into the system. We have to continue to pay those people Government money to which they are usually not entitled, thereby increasing the amount of overpayment which has already taken place.

If this spread to the rest of the country, and we, of course, will be doing the necessary appellate work as best we can with the Department of Justice, to prevent that, we will be having hearings in the Veterans' Administration, the likes of which we have never had before.

This would cause an absolute administrative monstrosity. We think something in excess of a half billion dollars in improper payments may well be involved.

Hopefully, of course, we would be able to correct a great deal of the problem as time goes on, because, as the chairman knows, we collect some 75 percent of our money back that is paid out erroneously.

But it would be a time-consuming task. The statistics which are already of great concern, and properly so to this committee, would skyrocket far beyond what they currently are. We certainly hope that kind of situation will be the subject of a successful appellate review, and that the situation will be reversed.

The chairman is aware of other similar situations here in the Washington, D.C. area and the chairman is also aware of the same kinds of situations all across the country, particularly with respect to a number of junior colleges.

The chairman is also aware of institutions below the degree earning level, where we have had a number of problems.

Part of them, I have to report regretfully, should have been prevented.

There was a situation in Chicago of a large number of people attending a barber school. The school was approved to train only a limited number of people at a given time, and it only had a limited number of barber chairs. Something in excess of 1,000 veterans were enrolled in that school, and, of course, that matter is now before the Department of Justice.

A similar situation occurred in the Commonwealth of Puerto Rico, where some 1,500 were enrolled in a cosmetology and barber school.

We have certain controls in our procedures designed to assure that more than a certain number of people are not approved in a particular veterans school.

I have to say that the procedure was not all it should have been in terms of administration when these students were enrolled.

A complete suspension has now taken place with respect to these schools and these matters referred to the Department of Justice, which is working with us.

Our problems are existant all across the country, in a program that is otherwise one of the greatest programs that has ever benefited veterans in the history of the Nation. We regret this very much.

I can only repeat to the committee that we are going to do all we can, and we have been doing everything we possibly can do, to get overpayments paid and to restore this good program to its rightful place in the economy of our country.

I can also state where fraud has taken place, we will do what we need to do.

I say to the committee in those instances where schools have been lax, where they have made false certifications to us, and hopefully that will not be a large significant number, that we will assess liability to those schools under the law.

That is a very, very difficult problem, Mr. Chairman, as to institutions of higher learning.

The law says if false certifications are made, that liability exists at the school to the same extent it exists for the veteran.

The law also says that this is a debt due to the United States, and can be collected in the normal way.

Schools, however, have their own procedures, and in some instances, for veterans and nonveterans alike, they have a reporting procedure as to all of their activity, which is not all that it should be.

In some instances, they make reports to us in a number of days, that is, days in excess to that which we think to be proper.

The extent to which we can assess liability in that regard is something which is of concern to us, and certainly we will do the best we can.

I think that across the country, Mr. Chairman, we have pockets of indifference, and I emphasize they are pockets of indifference in the school community. The vast majority of schools are attempting to cooperate with us as best they can.

There are some places around the country, where it appears we have a great resistance to our standards of progress regulations, and that will be the subject of your next hearing.

There is the feeling on the part of some in academia, that VA is making an undue Federal intrusion into the administration of schools.

We think this is not true. We do not intend to try to tell a school how to operate its curriculum, we do not intend to try to tell the school what courses it ought or ought not to give, but we insist, Mr. Chairman, and we think the law is clear on this, we think the record of this committee is clear, that benefits under the GI bill ought not to be paid out to students at any school unless the provisions of the law are carried out. To the extent this takes agreement between the school officials, to the extent it takes cooperation, to the extent we must try to bring about a better understanding, we will do what we can.

We know the long history of this committee in this regard, we know the history of the GI bill, and we think we know what the law means.

State approval agencies are under contract to us across the country. We pay them for what they are doing. We think that they can and will enforce standards of progress rules.

As to the situation in Citrus College in California, irrespective of what the judge may or may not ultimately do, or what the appellate courts may or may not ultimately do information has spread across

California. I was out there last week, and I am told that schools across the State have gotten the message, that the Citrus kind of thing will not be tolerated by the VA.

The academic community, as represented by every major academic group across the country has recently met with the entire top staff of VA in our central office. We talked about what the law is, we talked about the fact that this is a significant problem, and that we need to do something about it.

That meeting started out with some degree of acrimony. It started out with individuals expressing the belief that VA was infringing on academia. It started out with a belief on behalf of some of those there, that VA did not have a significant problem, and that the Veterans' Administration, and some individuals on the Hill were in some ways overreacting.

It started out with a feeling, and an expression on behalf of some of the people who were there, that almost all schools do keep good records, that they do report things timely, but we laid out the cold, clear, hard record as we see it.

We told the people in academia what the problems were. By the time the meeting was over with academia, some disagreement still existed but we made good progress.

There was some feeling that some of our regional offices had not been as consistent as they ought to be. To the extent that that problem existed, we immediately corrected it.

I do not agree it existed to the extent expressed at that meeting, but to any extent it is too much, we moved to correct it.

By the end of the meeting, I believe academia understood in a much better way the problems we are talking about.

Following the meeting, representatives of academia met with us in sub-groups. We worked out procedures where they have been putting good notices in their publications, as to what it is that schools can do better to help us solve our mutual problem.

We still have to work out some processes. For instance, we have to be understanding when schools have computer problems. We have to understand what it is they can do and cannot do realistically in terms of administration.

We have to combine all of this, meet the intent of the law, and administer the law as it was intended to be done.

That is what we are trying to do, Mr. Chairman, and that completes my statement.

I would be pleased, my colleagues and I, to respond to any questions the committee may have.

Mr. MOTTL. Thank you very much, Mr. Wilson, for your very comprehensive statement.

Before we get into questioning by the committee, it is the intention of the Chair to proceed until 12 noon.

The House is going into session for special Jefferson Day ceremonies, and if there is a quorum call, we will recess for 10 minutes and come back, but we will continue the hearing with the questioning until 12 noon.

Without objection, why don't we recess for 10 minutes, and then we will reconvene at that time with my distinguished colleague from Massachusetts, Mrs. Heckler, who will begin questioning.

[Whereupon, the subcommittee was in short recess.]

AFTER RECESS

Mr. MOTTL. The subcommittee will be in order.

Mr. Wilson, you and your colleagues feel free to respond to any question that is proffered by members of the committee.

I would say of your colleagues, Mr. Wilson, let them identify themselves before they respond for the record purposes.

Also, I would suggest when we are talking about any of these so-called ripoffs you alluded to in your presentation, please feel free to use the names of any individuals, colleges, junior colleges, or any business college. I think it would be helpful to the committee of where some of these so-called ripoffs or fraud has taken place.

I think as soon as Mrs. Heckler comes back, and she will be back any moment now, we will defer to her forthwith, but before that, let me ask this question.

On April 10, 1976, an edition of the Washington Star reported that virtually every veteran enrolled in the Federal City College in Washington received more benefits than he was entitled to, about $800,000 worth.

Will you please comment on that story?

Mr. WILSON. Yes, sir, Federal City College is an institution of higher learning here in the District of Columbia. It was surveyed last year, and a significant number of discrepancies were found at the school.

The then Director of our regional office conferred with the school officials, and there was a general agreement reached that there were some serious recordkeeping discrepancies at the school, that they would look at all of the records of all of those veterans enrolled, and would make appropriate notification to the Veterans' Administration as to what the situation was with respect to each of those veterans.

The actual situation was concerned with such matters as the number of hours of attendance, satisfaction of the standards of progress rule, and giving credit for courses completed previously. A followup survey was scheduled to give Federal City an opportunity to correct the situation of very serious discrepancies.

The followup took place, and I regret to say, by all appearances, it is indicated that the discrepancies are still there to a very serious and significant extent and may have gotten worse.

A very large number of the students there have had incorrect certification made on their behalf to the Veterans' Administration regional office. In those instances, overpayments are in the process of being established.

We have contacted our Hines, Ill., Data Processing Center, and we have made arrangements to recoup such funds as we can recoup, applying prospective payments against apparent overpayments.

We have notified the school that there is a potential liability against the school for lax reporting, and in fact false certifications to us, and we have told the school that in a short period of time we will give them the exact figure as to what that overpayment may be or will be.

Mr. MOTTL. Just a followup on that, it was reported in the Washington Star there was no evidence that students deliberately enrolled in courses to collect benefits with the intent of dropping out. There is a quote from the VA spokesman as to that.

Are you prepared to comment on that statement?

Mr. WILSON. Not really. But I can say that if a pattern is followed there, which appears to be somewhat similar to patterns followed in other places, that then I would have to say that I believe the evidence will ultimately show that I cannot agree with that statement.

Mr. MOTTL. Thank you, Mr. Wilson.

Mr. WILSON. I might say, sir, with respect to the person quoted, that I am sure I speak from a somewhat different base of information.

One specific case that has been brought to my attention is awful. If the facts are borne out as they have been reported to me, obviously that quote would not be a correct statement as to this individual matter.

Mr. MOTTL. Thank you very much, Mr. Wilson.

I would like to yield to my distinguished colleague from Massachusetts, the ranking minority member, Mrs. Heckler.

Mrs. HECKLER. Thank you, Mr. Chairman.

Mr. Wilson, I congratulate you on a very comprehensive statement, but the problem remains a thorny one for both the Congress and the Veterans' Administration.

I have a quote here from the inspection report of the approving agency in Minnesota, which says in reviewing the 1974–76 catalog, the grades are described as follows: A, B, C, D, W, X, et cetera.

There are no failing marks such as U or F; therefore, it is presently impossible for students to be dismissed because of failing grades.

If the school has no failing grades, then it can enroll veterans and reenroll them.

Mr. WILSON. Mrs. Heckler, with respect to the University of Minnesota, is that the school referred to here?

Mrs. HECKLER. It is a quote from the inspection report of the approval agency of Minnesota.

Mr. WILSON. The State approval agency of Minnesota was more aggressive than the Veterans' Administration back in the days when their program became very prevalent.

They issued instructions to the schools of the State of Minnesota, and they were more strict than we in the Veterans' Administration.

The State school administration has been in some disagreement with them. The disagreement ended upon the Governor's office out there, and ultimately, I understood, they resolved it.

They had an additional disagreement. It is my understanding with respect to that they did not have the kind of procedure at the schools that the State approval agency wanted in terms of standards of progress.

I will ask Mr. Thornton to correct me if I get some of my facts incorrect.

The State approval agency asked for suspension of enrollment until clarification.

Part of the problem is a problem that is not only in Minnesota, but across the country. That is, they have policies at the schools, and I am not sure this relates to the University of Minnesota, although I believe it does, from the import of your question, that a person has to maintain a certain grade average in order to stay within the school, or meet satisfactory progress. But some schools in this day and age do not count flunks, and do not count withdrawals, so if they say a person has to maintain a "C" average, for instance, if he passed one course with a C, and got a withdrawal, or a flunk on everything else, he would maintain satisfactory progress, perhaps forever.

We maintain in the Veterans Administration that that kind of thing violates the law of satisfactory progress, and we have asked the State approval agencies to enforce something substantially in excess of that.

To answer your specific question, if a student was in that kind of category, and he was dismissed from the school, for unsatisfactory progress, before he could be reenrolled in the school, he would have to go through our VA regional counseling program.

With respect to that, there are two or three schools which have requested that such counseling not be given by VA officials, but be given by them through their counseling program.

We have said we do not believe that carries out the intent of the law, and that the counseling has to take place at the VA.

I hope I have responded to your question.

Mrs. Heckler. What grade requirements does the Veterans' Administration establish?

Mr. Wilson. What grade requirement?

Mrs. Heckler. Yes, do you have grade requirements?

Mr. Wilson. No, we establish no grade requirement.

What we have said under the law is that we do not feel we have the power to establish policy at an educational institution.

We believe, however, that we can enforce a policy that an institution itself has to have a standard, and that standard has to be met and followed by that institution.

They need to carry out their own policy, and we have said the State approval agencies do have that enforcement authority in our opinion, but we have established no such grade policy. And if I can put another bug-a-boo to rest, it has been stated by some we have been demanding that schools maintain rolls and take attendance on a daily basis.

We have never done any such thing as that nor do we think we have the authority to do it.

We have said we have to determine as best we can, the last date of attendance, of a student, in order to assess what the amount of a liability or an overpayment might be.

There are those who have said that they cannot tell you the last date of attendance, unless they maintain rolls and attendance.

We have said we do not require that, that we will take any reasonable statement from them.

We will take the veteran's own reasonable statement as to the date he has attended.

We will take professor's notes. We will take the last paper he turned into a professor, the last paper he turned into a department. I am trying to answer the question in a broader context, but we do not think it would be under our power of the law to establish a grade point.

Mrs. Heckler. Now, if a student is failing in every subject, and he continues in school, and the school allows this, does the Veterans' Administration take cognizance of this? Is there any way the Veterans' Administration becomes involved in the question of whether or not the student should continue to receive benefits?

Mr. Wilson. We would say whether or not the school wants to keep that student in the school, under their own criteria, would be their prerogative, and not ours.

We say, however, that that was not satisfactory progress, and we would ask the State approval agency to enforce something substantially higher than that.

Mrs. **Heckler.** So the Veterans' Administration does have a standard of satisfactory progress?

Mr. **Wilson.** The law has that standard, Mrs. Heckler.

Mrs. **Heckler.** And the VA?

Mr. **Wilson.** The Veterans' Administration enforces that law through the State-approval agencies.

Mrs. **Heckler.** Has the Veterans' Administration ever intervened with the State-approval agencies to require that a student be dismissed because of failure to satisfy that standard?

Mr. **Wilson.** In an individual situation, not to my knowledge, Mrs. Heckler.

There might have been some individual situations around the country where a rule might have been misinterpreted, but not to our knowledge.

If it was misinterpreted to anywhere near that extent, it would be an incorrect misinterpretation.

Mrs. **Heckler.** You referred earlier to a statement in Citrus College in California. I understand a psychology student received a unit credit for going on a diet, an automotive student for washing the professor's car, and another for going to a movie and writing a brief report.

What about your compliance specialists? Do they determine that students can get credits for these kinds of things?

My question is, how can situations like that of Citrus College be limited or abolished?

Mr. **Wilson.** Mrs. Heckler, I wish I had a ready answer.

The accrediting agencies that accredit schools are under the authority of State laws.

In many instances, they are under the State department of education, and the superintendent of education.

If they have a policy, a standard of education, which they use, and by which they give degrees, or pass students in courses, we in the Veterans' Administration would certainly hope that it would be a reasonable standard, a reasonable policy that they have, and we would think in order for us to pay veterans educational allowances under the GI bill, that they would have to meet that standard of reasonableness.

We would ask for the enforcement of that to take place by State approval agencies. If we ran across a situation that drastic, and that dramatic, we would sit down with the State approval agency, and confer with it, and hopefully, its officials would then go back and do what it is that your question would indicate they have not been doing.

I would hope there has not been much of that. I said earlier—the Citrus College thing—in terms of the total ramification, spread across the State of California, and I would suspect it would spread even further than that.

Mrs. **Heckler.** What was the final disposition on the Citrus College situation?

Mr. **Wilson.** The final disposition is that the court has asked both sides to prepare language for an injunction. The injunction would say that we could not suspend payments, terminate payments or reduce payments to any veteran without giving him 30 days notice, telling him specifically why it was he was being reduced, terminated, or suspended.

He would have a right to come up to the school and go over his records. He would have the right to even go up to, and almost including a full-blown hearing, not a hearing itself, but almost up to that.

In our own appellate procedure, if we were to take an action adverse to him, as he saw it, he would have an appellate procedure already through our Board of Veterans' Appeals.

If that injunction is allowed to stand, and if the appellate process, does not reverse it, as I said in my statement, this would be an administrative monstrosity for us. We think it would cause additional overpayment, something in excess of perhaps a half billion dollars. We would have a backlog of hearings, or discussions that would have to take place. We would not be able to get to a case within a proper amount of time. And I would suspect that would cause us to make serious overpayments, over and above those already made. We said this in an affidavit that we gave to the court. If it would be helpful to the committee, I would be pleased to submit a copy of that affidavit.

Mrs. HECKLER. I request we have that in the record, Mr. Chairman.

Mr. MOTTL. So ordered.

[The affidavit follows:]

EXHIBIT C

AFFIDAVIT

CITY OF WASHINGTON
District of Columbia, ss:

I, Rufus H. Wilson, being duly sworn state that:

1. I am the Chief Benefits Director, Department of Veterans Benefits, Veterans Administration, charged with responsibility for administration of veterans' benefits laws as enacted by the United States Congress and responsible for formulating procedures and policies relating to adjudicating claims for benefits payable under those laws, and suspension, reduction or termination of previously authorized benefit payments under those laws.

2. Procedures and policies promulgated under my authority are implemented at 58 regional offices set up throughout the country, each of which is assigned a territorial jurisdiction with responsibility for processing claims of veterans and their dependents residing within their respective geographic limits. In each regional office, the program is administered by an adjudicaiton officer operating under the direction of the regional office Director with authority to adjudicate claims only under the policies and procedures developed by authority for agency-wide application.

3. The adjudication of a claim for education benefits first requires a determination of eligibility, which is based on the veteran's period of active duty service and the character of his or her discharge (38 USC 1652(a)). A veteran's eligibility is not affected by a subsequent termination or reduction of benefits, but be remains eligible until the expiration of a 10 year delimiting period. The award of monetary benefits to an eligible veteran can be authorized only if the course in which the veteran is enrolled is approved under the law and the school meets the requirements of the law. The school is required by law to certify the veteran's enrollment to the VA, and to report changes in enrollment, withdrawals, and interruptions. The certification of enrollment includes data as to the veteran's course, the course load, and the period of enrollment. It is based on such certifications from the school that benefits are awarded, adjusted, or terminated. Concurrently with transactions, information as to the action taken is furnished the claimant, including notice of appellate procedural rights, and the right to a hearing. Suspension action, as opposed to termination, is an interim step taken when evidence raises a question so fundamental to continued payment that withholding of benefits pending final determination is mandated.

4. A suspension is followed by either a resumption of benefits, a reduction, or a termination. A reduction or termination is accompanied by a notice of appeal and hearing rights. Every final determination therefore provides notice to the claimant of his appeal and hearing rights. The appeals procedure is mandated by Act of Congress, and leads to review by and an opportunity for hearing before the Board of Veterans Appeals.

5. Where benefits are terminated because a course or school fails to meet requirements of the law, the notice to the veteran includes notice that he or she may select another course or school. It is necessary to distinguish between the veteran's eligibility, which is not affected by the school's failure to meet requirements of the law, and his right to receive benefits for enrollment in a particular course, which is strictly dependent on the course being approved and the school meeting requirements of the law.

6. Pre-determination hearings, in cases involving a school's failure to meet requirements of the law, would serve no useful purpose. The school's certifications and reports are required by the law as the basis for payment of benefits. An evidentiary hearing, granted to the veteran, could not adduce the evidence required to authorize payment. For example, if the course no longer meets the requirements for approval, only the school can cure the defects, and nothing the veteran could proffer would have a bearing on the resolution of the issue. The veteran has the right to select another school. Where the school fails to report interruptions or withdrawals, or certifies enrollments in unit subjects already successfully completed, and fails to notify the VA of students' failure to meet the school's published standards of progress, and where the school fails to maintain records of veterans' previous education, and where the school certifies falsely to the VA, all of which are violations of the law and all of which occurred here, no evidence or argument offered by the veteran could form a basis for authorizing payment. Only action by the school can cure such defects and a pre-determination hearing afforded the veteran would not serve his or her interests or any useful purpose.

7. Pre-determination hearings would place an unbearable fiscal and administrative burden on the Veterans Administration. During Fiscal Year 1975, 2.8 million trainees generated 6.7 million award actions. Of these, 3.5 million award actions were for unscheduled terminations, reductions, and increases. We can reasonably assume that half, or 1.75 million award actions, were for unscheduled terminations and reductions. This would require up to 1.75 million hearings before benefits in such cases could be adjusted or terminated. The special handling required in such cases would place a substantial burden on the entire adjudicative and administrative process and would have an adverse effect on timeliness of processing all other claims for veterans' benefits. Additional staffing would be required in all 58 regional offices with training of new staff members and retraining of present personnel in new regulations and procedures. It would also be necessary to employ and train large numbers of hearing examiners. Programming of the existing computer system would be required to provide control of cases for possible termination or adjustment after the expiration of the period during which a hearing could be requested and held. In addition, forms, form letters, regulations and directives would have to be changed and reprinted at substantial cost.

8. Were pre-determination hearings to be required, 1.75 million cases where continued payment has been questioned would continue to be paid during the period afforded for hearing. It is apparent that continuation of questionable education payments, even for a short period, would result in the creation of substantial overpayments, many of which would not be recoverable, and all of which would be made contrary to provisions of law. Experience shows that the average overpayment established in FY 1975 was $598. If only half of the questioned cases resulted in adverse decisions, the overpayments could easily exceed $500 million per year.

9. In my years of experience in the Departmet of Veterans Benefits, beneficiaries of veterans' benefits have routinely been granted hearings upon request at any time during the adjudicative process. In addition, there is statutory provision for post-determination appeal and hearing.

RUFUS H. WILSON,
Chief Benefits Director,
Department of Veterans Benefits,
Veterans' Administration.

Subscribed and sworn to before me this 2d day of March, 1976.

RUTH JANE MCDONALD,
Notary Public.

My Commission expires November 14, 1977.

Mrs. HECKLER. Are you suggesting, Mr. Wilson, that some clarification, or tightening amendments, be passed by this Congress in order to protect the students, and to protect the Veterans' Administration, from what would become a very, very expensive procedure?

Mr. **Wilson**. With respect to standards of progress, Mrs. Heckler, I would suggest that that might be just a bit premature, until we see whether or not our rules will work the way we want them to work.

With respect to the 2-year rule, and the 85–15 ratio, and the 50-percent requirement I mentioned during the course of my statement, I think that perhaps there could be some clarifying amendments that would be helpful to us.

When these schools contract with others, when nonprofit schools contract with profit institutions, for the purpose of primarily and almost solely for recruiting veterans, when they give so-called educational processes in a motel setting away from academic settings, whenever a person would have to go to a motel setting for his education, and whenever the appearance would be that they have done this for the purpose of beating the 2-year rule, of beating the 85–15 ratio rule, or the 50-percent rule, I would think that perhaps the committee might want to give consideration to legislation which would reinforce our General Counsel's opinion. The General Counsel has already said to us that in those instances, the 2-year rule does have to be met, and that they have to stay in existence for 2 years before veterans can be properly enrolled in them.

I am concerned, however, that following the 2 years, the situation might well continue to exist.

We would have to under the law enroll students in those courses, knowing full well that the academia that is there and being received is something that was not remotely conceived of by the fathers of the various GI bills.

Mrs. **Heckler**. That would provide a ripoff for the Veterans Administration as well as for the students, and it would not provide a benefit to either.

Mr. **Wilson**. I could not agree more, Mrs. Heckler, and I say in a broad educational concept, as I understand the educational community, it is a ripoff for the schools.

I think in the long haul, it can do nothing, and it has done nothing except to hurt the educational process in our country, and I think it is an unfortunate thing that the veterans have been the vehicle in which that was done.

Mrs. **Heckler**. In a recent audit of the Federal City College, an average of 150 days is said to have elapsed from the time of a notice of the status change to the date the Veterans Administration was notified.

Now, I thought there was a 30-day reporting requirement for status change.

How are you enforcing this requirement?

Mr. **Wilson**. The 30-day rule is basically that in order for a school to escape the possibility of liability for indebtedness against the veteran, they have to report to us a significant change in enrollment as soon as possible, by the end of the month, in which it occurs, or within 30 days, whichever is most advantageous to the Government.

If the school does not do that, in our procedure there is a prima facie finding they might well be negligent, and they might well be liable for any debt.

With respect to how we enforce the rule, and prevent a situation where 150 days have taken place, where a far lesser time should have taken place, as I said earlier, we try to do it through the State approval agencies. We hope better reporting procedures will take place in the future.

Mrs. HECKLER. Mr. Wilson, will it be possible for you to provide the names of those institutions against whom the liability has been assessed, and payment is either outstanding or has been received?

Mr. WILSON. Yes; we could do that.

[The information follows:]

REPORT OF SCHOOLS HELD LIABLE AS OF APR. 22, 1976

Regional office and name of school	Number of students	Overpayment
AREA 1		
Boston:		
Boston State College	4	$5,417.20
Lowell State College	2	4,644.00
Mount Waschusett Community College	1	1,659.20
Newbury Junior College	95	116,176.68
Newman Prep School	1	669.07
Northeastern University	1	3,349.73
Northern Essex Community College	1	1,466.62
Springfield Technical Community College	1	2,407.50
Suffolk Law School	1	2,530.67
University of Massachusetts, Amherst	3	4,920.73
University of Massachusetts, Boston	2	4,131.00
Providence: Negative report		
New York: Hostos Community College	26	45,757.62
Buffalo:		
Marcy State Hospital	6	13,591.38
SUNY Cooperative College	144	66,497.87
Rome Development Center	1	2,702.13
SUNY Urban Center	65	35,769.09
Buffalo Psychiatric Center	20	20,866.87
Hartford:		
Chester Institute for Technical Education	1	567.00
Computer Processing Institute	2	2,086.00
Greater Hartford Community College	1	248.00
Hartford Academy of Hairdressing	1	1,252.80
Post Junior College	1	1,051.20
University of Hartford	4	2,082.72
Western Connecticut State College	2	1,642.10
Newark: Negative report		
Pittsburgh: Negative report		
Baltimore: Negative report		
Huntington: Negative report		
Washington: Negative report		
Manchester: Negative report		
Togus: Negative report		
White River Junction:		
Adult Basic Education, Burlington, Vt	1	546.67
Burlington Flight, Burlington, Vt	4	986.13
Community College of Vermont	4	5,248.32
Rutland Airways	3	1,935.59
Ryder Technical Institute	1	245.73
Southern Vermont College	9	5,766.96
Wilmington: Negative report		
Philadelphia: Bucks County Community College	1	1,219.80
AREA 2		
Roanoke: Flair Beauty Institute	1	1,267.00
Atlanta:		
Albany Area Technical School	6	2,414.00
Antioch Baptist Church	3	2,808.23
Armstrong State College	1	2,151.75
Athens Technical School	3	532.00
Atlanta University	3	6,593.00
Atlanta Area Technical School	8	2,235.25
Augusta Area Technical School	9	3,615.00
Brewton Parker	1	618.00
Capital Barber College	1	440.00
Columbus Vocational Technical School	2	927.02
Columbus Muscogee Aviation	5	1,029.81
Coosa Valley Vocational Technical School	12	5,584.00
Devry Institute of Technology	3	1,452.00

REPORT OF SCHOOLS HELD LIABLE AS OF APR. 22, 1976—Continued

Regional office and name of school	Number of students	Overpayment
Dudley Hughes Vocational School	17	5,619.30
Elkins Institute of Atlanta	1	270.00
Glennaire Aviation, Inc	1	46.00
Griffin Barber College	2	1,284.00
Griffin-Spalding Technical School	4	1,608.61
Harris Trade School	3	2,599.60
Lanier Area Technical School	1	270.00
Marietta Cobb Technical School	1	388.00
Morris Brown College	1	819.00
NSSFNS Academy	3	928.00
Phillips College	1	454.00
Pickens Technical School	2	824.00
Savannah Technical School	4	2,314.00
Savannah State College	1	607.70
Swainsboro Technical School	1	207.00
Terminus Press, Inc	1	1,505.00
Upson County Technical School	1	517.33
Waycross—Ware Technical School	2	565.00
Chatham Board of Education	2	1,149.00
St. Petersburg:		
Broward Community College	4	8,200.23
Burnside—OTT Aviation Training Center	1	208.98
Florida A. & M. University	7	14,483.60
Melbourne Aviation, Inc	4	499.37
Miami Dade Community College	1	891.00
Nor-Roz, Inc. (Flight)	1	11.52
Patrick AFB Aero Club	1	389.98
Pensacola Junior College	1	1,067.73
Roberts Flying, Inc	1	216.54
Showalter Flying, Inc	4	50.40
South Dade Aviation Service, Inc	1	70.20
Sunstream Aviation, Inc	1	62.73
Victor 3 Aviation	1	24.75
Winston-Salem: Negative report		
Columbia:		
The Citadel	1	1,605.00
College of Charleston	3	8,068.00
Denmark Technical College	1	652.00
Florence—Darlington Technical College	9	14,347.86
Friendship Junior College	2	1,592.50
Greenville Technical College	24	31,046.82
Horry-Georgetown Technical College	1	2,194.00
Midlands Technical College	6	4,400.50
Orangeburg-Calhoun Technical College	2	3,328.00
Piedmont Technical College	1	1,134.00
Spartanburg Technical College	1	386.00
Sumter Area Technical College	3	3,182.00
Tri-County Technical College	14	6,513.40
Trident Technical College	1	963.00
Gaffney High School	1	182.00
Nashville:		
Clarksville Aviation Service	1	176.04
Cumberland Aviation Flight Training Center	27	21,078.76
Jett Barber School	5	6,754.87
Mid-South Tool and Die, Inc	1	93.60
Morristown Flying Service, Inc	1	125.68
National School of Business	18	1,275.00
New Orleans: Negative report		
Montgomery:		
Alabama A. & M. University	1	2,560.00
Alabama Christian College	2	2,520.00
Alabama State University	1	830.00
Alverson Draughn College	1	940.00
Bessemer State Technical College	1	540.00
Blackwell Air Service, Inc	1	402.86
Chattahoochee Valley Junior College	1	1,267.46
Daniel Payne Junior College	4	8,713.20
Gadsden State Junior College	2	351.50
John C. Calhoun Junior College	1	764.80
J. H. Faulkner State Junior College	1	1,940.000
Northeast Alabama State Junior College	1	315.33
S. D. Bishop State Junior College	5	1,763.10
Selma University	2	1,749.00
Snead State Junior College	1	1,513.20
Southern Business College	1	3,595.47
Southern Union State Junior College	1	2,542.00
T. A. Lawson State Junior College	2	1,632.42
Troy State University	5	4,110.64
University of Alabama	3	2,450.00
University of South Alabama	2	1,871.00
Wenonah Area Vocational School		405.00

REPORT OF SCHOOLS HELD LIABLE AS OF APR. 22, 1976—Continued

Regional office and name of school	Number of students	Overpayment
Louisville:		
Ahrens Night School	1	187.00
Charley's Mobile Living	1	0
Waco:		
Amarillo Flying Service	2	1,370.85
Cook's Flying Service	1	220.80
Dallas Independent School District	1	432.00
Dallas Skyways	1	191.25
Durham's Business College	1	1,830.00
Elkins Institute	2	590.53
Fort Worth Evening Adult High School	1	149.33
4-C College	1	540.00
Longview Piper Sales and Service	1	912.47
Lubbock Aero Service	2	1,029.60
National Beauty School No. 9	1	347.40
Ridpath Aviation	2	1,789.65
Sherman Beauty School	1	810.00
Velma B's Beauty School	1	54.00
Amarillo College	[illegible]	1,393.33
Austin Community College	[illegible]	1,086.53
Central Texas College	[illegible]	1,265.13
Eastfield College	3	1,113.39
Mount Pleasant Independent School District	1	1,451.80
El Centro College	9	10,204.85
El Paso Community College	2	446.53
Huston-Tillotson College	1	587.67
Mountain View College	2	401.01
North Texas State University	11	3,990.40
Paul Quinn College	1	1,189.00
Richland College	3	1,594.87
Tarrant County Junior College	2	1,040.42
Texas A. & M. University	1	205.00
Texas State Technical Institute (Waco)	1	270.00
Texas Technical University	21	11,897.59
Texas Women's University	1	450.00
Tyler Junior College	2	1,037.67
University of Texas—Dallas	2	855.87
University of Texas—El Paso	2	814.60
Wiley College	1	441.00
Little Rock:		
Bald Knob High School	1	1,174.00
Arkansas State University (Beebe Branch)	2	827.40
Shorter College	5	9,558.08
Houston: Lamar University	3	5,742.13
Jackson:		
English Flying Service	4	44.28
Gulfcoast Aircraft Sales	4	78.21
Hattiesburg Aviation	2	267.88
Jones County Junior College	1	3,375.60
Key Aviation	2	267.88
Mississippi School of Aviation	3	91.94
Robbins Airborne	4	389.07
Southern Air College	1	396.23
San Juan:		
Word University	2	6,144.57
University of Puerto Rico	1	104.97
AREA		
Cleveland: Rio Grande College	1	2,107.90
Indianapolis:		
Avi-Ed Aero, Inc	24	25,442.44
Lockyear College	56	41,388.50
Chicago: Triton College	1	1,173.33
Detroit:		
Central Michigan University	1	1,866.60
Detroit College of Business	1	2,727.00
University of Pittsburgh	1	1,305.40
Wayne County Community College	1	3,170.67
Milwaukee: Negative report		
St. Louis:		
Central Missouri State University	5	7,830.80
Columbia College	10	5,518.31
Draughon Business College	1	1,155.60
Finlay Engineering College	1	127.77
Florissant Valley Community College	9	10,236.27
Longview Community College	1	45.00
Missouri Institute of Technology	1	117.00
Mountain Grove ? 3 School District	1	918.00
Penn Valley Community College	8	7,135.49
Southeast Missouri State University	2	2,670.72
Southeast Missouri State University	1	90.00

REPORT OF SCHOOLS HELD LIABLE AS OF APR. 22, 1976—Continued

Regional office and name of school	Number of students	Overpayment
Three Rivers Community College	1	1,953.00
Thunderbird Aviation	4	4,522.18
Universal Schools	1	54.60
University of Missouri—Kansas City	1	1,809.00
University of Missouri—Rolla	1	120.39
University of Missouri—St. Louis	3	2,261.94
Des Moines:		
American Institute of Commerce	2	675.00
Area V Community College	1	0
Area II Community College	2	964.59
Audobon Airways	1	0
B Flight, Inc	2	0
Bluff Optical Co	1	936.00
Clinton Community College	1	1,707.20
Friedly Lincoln Mercury	1	767.20
Goodrich Aviation Co	1	0
Hap's Air Service	3	1,097.81
Hawkeye Institute of Technology	4	6,026.97
Hawkeye Rotor and Wing Flight	3	0
Iowa Aviation	1	50.90
Iowa Central Community College	1	0
Iowa Lakes Community College	1	0
Iowa State University	1	958.81
Jefferson County Engineer	1	463.00
Johnson Aviation Co	1	0
Kirkwood Community College	14	14,498.65
Midwest Aviation	1	335.78
Monthei-Hoemer	3	1,521.21
Morrow Refrigeration Co	1	335.78
Muscatine Community College	1	0
Northeast Iowa Area Iron Workers	5	11,397.61
Nichols Aviation, Inc	2	0
Niederhauser Airways (Waterloo)	2	0
North Iowa Area Community College	1	0
Scott Community College	4	1,843.00
Sioux Empire College	2	1,524.26
University of Iowa	1	5,400.00
Upper Iowa University	1	1,200.98
Vannoy Aviation	1	1,072.26
Wartburg Theological	2	4,035.47
Western Iowa Tech	1	0
Wilwerding Auto Craft	1	.40
Wings Over Iowa	1	0
Lincoln: Negative report		
Muscogee: Negative report		
St. Paul:		
Academy of Hairdressing & Cosmetology	1	648.00
Adult Education Center—St. Paul	1	207.00
Einarson Bros. Flying Service, Inc	1	366.30
Flight Training Center	1	241.11
Ford Aviation Inc	1	31.50
Mankato State Aviation	1	441.90
St. Cloud Beauty College	1	1,151.07
Twin Cities Opportunities Industrial Center	2	2,131.14
Fargo: Mary College	1	1,080.00
Sioux Falls: Mitchell Area Vo-Tech	1	0
Wichita: Negative report		
Denver:		
Metropolitan State College	1	1,476.00
Southern Colorado State College	3	5,916.80
Albuquerque:		
New Mexico State University	4	5,689.00
University of New Mexico	4	6,359.00
Albuquerque Technical-Vocational Institute	1	801.00
Eastern New Mexico University	1	1,872.00
University of Albuquerque	1	180.00
Salt Lake City:		
Western American Trade Tech	28	42,167.00
Weber State College	1	826.00
Utah State University	19	42,828.00
University of Utah	4	6,821.00
Utah Trade Tech—SLC	1	3,026.00
BYU—Provo	1	3,660.00
San Francisco:		
Butte College	9	10,467.00
Cabrillo College	1	1,380.00
California State University—Fresno	1	2,412.00
California State University—Sacramento	2	372.00
Laney College	1	1,611.00
San Jose City College	1	1,873.00

REPORT OF SCHOOLS HELD LIABLE AS OF APR. 22, 1976—Continued

Regional office and name of school	Number of students	Overpayment
Los Angeles: Compton College	12	22,350.86
Phoenix: Negative report		
Seattle: Olympic Community College	4	8,307.64
Portland: Lee's Flying Service	7	10,354.50
Manila: Negative report		
Honolulu: Becker CPA Review Course	1	394.14
Juneau:		
University of Alaska—Anchorage	12	7,449.92
University of Alaska—Fairbanks	2	1,551.67
Alaska Methodist University	1	514.27
Fort Harrison: Negative report		
Cheyenne: Negative report		
Boise: Northwest Aviation Pocatello, Idaho	1	72.00
Reno: Negative report		
San Diego: Negative report		

Mr. WILSON. There are certain appellate procedures that some of the schools might well have, or in the ultimate, the assessment might not in reality take place.

There are other situations, where we have not yet assessed the liability, where we are considering it, but to answer your specific question, we will give the committee what we have, and try to give explanations for that, which we will submit.

Mrs. HECKLER. Could you tell me how many institutions presently have had assessments against them? Do you happen to know?

Mr. WILSON. We have it here in some of our folders, Mrs. Heckler, and I would be happy to put it in the record.

Mrs. HECKLER. Could you also tell us how many institutions are presently eligible for educational assistance? How many institutions in the country have students that qualify?

Mr. WILSON. My memory is 3,500 institutions of higher learning, and about an equivalent number of institutions below the degree-granting level. Every profit school in existence for more than 2 years, and that meets the 85–15 ratio rule, would have the right to enroll veterans. I will submit specific figures for the record.

Mrs. HECKLER. Thank you.

[The information follows:]

There are presently about 3,500 institutions of higher learning and about 9,000 non-college-degree schools approved for enrollment of veterans under the GI bill.

Mrs. HECKLER. On page 14 of your statement, you state the Indiana State approval agency failed to withdraw approval of a course as recommended by the Veterans' Administration.

Why is it that the agency failed to follow your recommendations, where the Veterans' Administration was funding the tuition for the student?

Mr. WILSON. The Indian situation, Mrs. Heckler, is quite complex.

We invoked a provision of the law which said that that particular school was not offering a course of education which is required by the law.

This would mean that there has to be rather well defined objectives, and a person would be entitled to go into the training, or into the job situation for which they have been trained, without having later to go through additional training.

Having invoked that section of the law, that the additional objective did not exist, and therefore the school did not qualify under the GI bill, we also, corollary with that, asked the State institution to withdraw approval.

The State withdrew its approval, and later, for reasons best known to itself, reinstated the approval. I think you would have to say, in essence, they did not agree with us, and wanted us to make the ultimate decision through our committee on educational allowances. This we are doing.

Mrs. Heckler. I will yield to my colleague.

Mr. Wilson. If I said Pennsylvania, I meant Indiana.

Mrs. Heckler. We understood that.

Mr. Mottl. Thank you, Mrs. Heckler, for yielding to our colleague from Tennessee.

We will listen to Mr. Allen at this time.

Mr. Allen. Thank you, Mr. Chairman.

Mr. Wilson, I would be less than frank with you if I did not say that I have been greatly disturbed by the testimony I heard from the officials of GAO last Tuesday, and what I have heard from you this morning.

I am one who is a firm believer in the program of veteran education. I think that what has been revealed here, last Tuesday by the GAO, and its almost blanket indictment of the administration of this program by the Veterans' Administration, and what you have said yourself, is going to impair the ability of those who really would like to see the date extended of the delimitation.

You speak of the accounts receivables, for example, having increased. What were your figures?

Mr. Wilson. About $375 million.

Mr. Allen. And that was from what, the year before?

Mr. Wilson. The actual overpayment for the last few years has been $1,400 million. The amount of that remaining to be collected is about $375 million.

Mr. Allen. But before you reached the figure of $375 million, how much have you charged off as noncollectible?

Mr. Wilson. To answer that question, Mr. Chairman, I must give you an explanation. We did not charge off money as uncollectible.

We say we are terminating collection efforts. If in the future some situation should come before us where we can then collect the money, we do it.

What we do—if we find we are pouring good money after bad—is to terminate collection efforts.

Mr. Allen. Then what do you do with the outstanding account, do you strike it off?

Mr. Wilson. It stays on our rolls, and if later on, say 10 years from now, that man would become entitled to a pension, compensation, or if later on under the GI bill, he were to enroll for benefits he is entitled to, we would recoup the benefits.

To answer your specific question, cash collections and offsets, during fiscal year 1975, where we terminated collection efforts were in the amount of $15,513,000.

Mr. Allen. I see, and what did you do with that $15 million?

Is that figure that you stated in the accounts receivables?

Mr. Wilson. No, sir, it would not now be.

Mr. Allen. I see.

Well, the reason I asked that, I got the very clear impression from the testimony of the gentleman who testified for the GAO, that there was a substantial amount that was being in a sense charged off, that would be the termination, the term used in private industry, but it is not included in the figure of the accounts receivables?

Mr. Wilson. That amount of money is not now in the accounts receivable of $375 million.

There is another situation in the Veterans' Administration that has an effect on receivables. If a veteran owed us $500, he might go before a committee on waivers and compromises, and we might arrive at a decision ultimately to compromise the $500 for say $250. The $250 waived or compromised would not remain in the accounts receivables.

Mr. Allen. In other words, the third of a billion dollars in overpayments that now shows up as accounts receivables, that does not indicate you have collected the difference between the billion and some figure, and the $300 and some million figure, does it?

Mr. Wilson. Well, if I could repeat what it is, I understand your question to be, Mr. Congressman, we had a $1,400 million in total overpayments over the last years.

We collect about 70 to 75 percent of this money, and it has come in several different ways, either by recoupment, from benefits veterans might have remaining, or by collection efforts from them. Thus that $1,400 million is now down to $375 million, which is to be collected.

Mr. Allen. I understand.

Mr. Wilson. The $1,400 million, the total figure and the $375 translate into X number of cases, at an average amount.

Mr. Allen. And you mentioned the use of the word pockets of indifference in the educational institutions about the VA program.

It would seem to me that this is a phrase that seeks to minimize the problems of the Veterans' Administration, calling it pockets of indifference, or of violations.

Do you mean to stand by the phrase of just pockets of problems, or of indifference?

Mr. Wilson. Sir, I not only stand by it, I stand by it completely.

I did not mean in my testimony I gave here to say that we in the Veterans' Administration have not made our share of mistakes, and I made that clear in my statement.

I tell you as a matter of fact, Mr. Congressman, that there are places around the country, where pockets of indifference in educational situations on the GI bill do exist, and I could use stronger phraseology, where the law has not been carried out.

Mr. Allen. You mentioned the barbering school in Chicago that had over 1,000 enrollees, and how many barber chairs did it have?

Mr. Wilson. My memory is it had 20.

Mr. Allen. And how long did it take for the Veterans' Administration to find out that a school with only 20 barber chairs could not possibly be educating 1,000 enrollees?

Mr. Wilson. My memory is it was brought to our attention after about 12 months, but I would have to check.

Mr. Allen. Does not the Veterans' Administration have a branch office right there in Chicago?

Do you make physical examinations of these schools, and what is going on at all?

Mr. **Wilson.** I think I said in my statement, Mr. Congressman, that our administrative controls broke down to say the least with respect to that situation.

I think I said in my statement, that they also broke down in Puerto Rico.

I think I said in my statement that the situation ought not to have happened, and that hopefully it will not happen in the future.

I think I said following the Chicago incident, we had a new procedure that should have prevented the situation in Puerto Rico.

I have to add, too, that we in VA are not the enforcement agency for schools. This is not to condone or to ask forgiveness for anything we did in terms of laxity, but the enforcement program is under the school officials and under State officials.

The school officials submitted false certification. The students themselves knew they were not getting the education they were entitled to and that they had no benefits due.

Mr. **Allen.** It seems unusual that should go on for 12 months, with over 1,000 veterans involved or enrolled that has 20 barber chairs for 40 students at a time.

It seems to me it would be easy to find that there is fraud being perpetrated on the Government.

You mentioned due process, let me say to you as a lawyer, that you are going to have to live with that provision.

You are not going to be able to discontinue any veteran benefits, or anyone going to school, without exhausting fully, and giving the veterans the full benefit of the administrative relief provided by the law that the courts have established in every single case, which will determine that you are in the wrong about it, and you have got to wait on those cases where you think they are being improperly paid, or they are rooking the Government so the Veterans' Administration will have that obligation as onerous as that may be to you.

Mr. **Wilson.** Mr. Chairman, if I may just comment there, I do not disagree with Mr. Allen's basic premise about being in favor of due process.

But I disagree with the court's interpretation of due process as to Citrus College.

I disagree with the fact that where a man himself enrolls in a school, where he certifies that he will go 12 hours a week to the school, that where the school has certified the same thing, and he then having dropped out, the school having known he dropped out, the school then not having told us about it, and he not having told us about it and when he is paid in advance is a long way from any function of due process that I know anything about.

Mr. **Allen.** I do not know, but I am sure the court listened to the evidence, and I do not know the facts in the particular case.

I understood there was more than one student involved, but I know you will have to live with the due process provision of the Constitution of the United States, regardless of what this Congress does.

What I want to know in the end, because we are facing here an effort in which I agree with Mr. Edgar, 100 percent in support of continuing the educational program, and the benefits of veterans in this country, and we have this situation having been revealed, that it is going to make it extremely difficult for the Congress to do anything at all, in the way of either extending or doing away with the delimiting date with this blanket indictment.

Now, I would like to know from you, sir, and if you do not have it with you, I would like you to submit it to this committee, what amendments do you propose in the present laws to enable us to do a better job, and to cut down on the millions of dollars in overpayments, and to assure this Government and the veterans too, that the schools to which they are attending, and in which they are enrolled, that they are getting a proper education.

Now, what changes in the law, and what changes do you propose to make under the present laws in the administration to assure that that is taking place, because that is my primary concern, and I have not been reassured, either by the report of the GAO, or the testimony this morning, sir.

Mr. Mottl. Thank you, Mr. Allen.

Mr. Wilson, if you will bring those recommendations with you for our next meeting, we will appreciate it for the benefit of the members of this subcommittee.

Mr. Wilson. I do not want to appear argumentative, and I think I know what Mr. Allen's problem is, and I think I know what he is suggesting, but I think we ought to let our new process work for awhile. Moreover, I must respond to Mr. Allen's indictment comment: I did not take the GAO report to be an indictment of VA in any way, shape, or form. In our conversations with the GAO, they made no such statements to us.

Also, I do not think you can say in any way, shape, or form that the prepay or advanced pay provisions of law which caused a great number of the overpayments, is an indictment of the Veterans' Administration.

When overpayments are caused by schools or by veterans, as set forth in the GAO report, I think they said 42 percent of the cases were caused in this way, I find it difficult to determine how that can be said to involve a blanket indictment of VA.

I do not mind pleading guilty to situations where we are guilty, but as to a blanket indictment, I wonder if the Congressman would not want to change that statement.

Mr. Allen. I will amend by striking the word "blanket."

Mr. Wilson. I would as soon be hung as to die in the electric chair, Mr. Congressman.

Mr. Allen. But they were highly critical of the Veterans' Administration, and of the administration of this law, if I understand the English language.

Mr. Mottl. I think we can summarize this colloquy, and go on to Mr. Edgar, by saying this. In the GAO report, they stated anywhere from 20 to 21 percent of responsibility of overpayments was attributed to the Veterans' Administration.

Mr. Wilson. If I can make one additional statement. In talking to the GAO representatives last night, and again this morning, they explained that there were 104 cases out of which they arrived at their percentages, but there were a multiple number of situations that caused the overpayments. For instance, an overpayment might be caused in part by prepaid or advanced pay, in part by the students' own laxity, in part by the school's laxity, in part by the Veterans' Administration error, and in part, by normal processing time, both by schools and by Veterans' Administration. All of these things came into complete focus in determining how they arrive at their conclusion. GAO also prorated the amount of money in this respect, and I think we need to say, the overpayment percentages as set forth in the GAO report, are as to dollars, and not as to cases. I am not sure what difference that would or would not make, but I think I need to point that out for the committee.

Mr. Mottl. The gentlelady from Massachusetts will yield to the gentleman from Pennsylvania, Mr. Edgar, for continuation of the questioning.

Mr. Edgar. Mr. Wilson, I apologize for having run in and out.

Unfortunately, I do not have a Xerox machine that I could put myself in, and we have an important mark-up with one committee, and ceremonies over on the House floor, and all kinds of issues at work today, and I wish we had more time to talk with you about this important matter.

I think that the GAO report does say some very important things. It does point the finger at some interesting things, and I think one of the fingers is in the direction of the Veterans' Administration.

I think one of the fingers goes in the direction of the schools, and one in the direction of the students, and I think Mr. Allen raised a very important point as to what new tools you need from us that could be helpful to you in putting an end to some of the abuses, so we could get to doing some of the very important things we need to do in terms of educating GI's.

I was wondering, if you could focus in on some specific statistics, and they are these: What percentage of the total GI educational programs is being abused?

Mr. Wilson. I do not have any figures that I could even throw out to the committee, Mr. Congressman, except to say that the GAO report talked about the total amount of overpayment in dollars, as compared to the recovered amount. They say it increased from 1.7 percent, as I remember a few years ago, to 15 percent.

Now, the great majority of the total money is paid back, so in terms of dollars, it is substantially less than that.

If I had to just estimate a figure from our experiences at the Veterans' Administration, I would say that we are talking possibly somewhere in the range of 5 percent.

Mr. Edgar. So that after repayment, 95 percent of veterans, who are using the GI benefits, are using them appropriately, according to the law?

Mr. Wilson. I did not mean, Mr. Congressman, to say that.

What I meant was that of the total number of students in school at any given moment, that perhaps 5 percent is the figure, and it could be a little higher than that, that are involved in abuse.

The amount of dollars that come back in from a total that have been overpaid for whatever reason and a great number of those dollars could be overpaid in a very innocent way—but the amount of dollars that comes back in within a timely time frame is about 75 percent.

It comes in several ways. It is either collected back, or as the Congressman indicated, it has been written off in terms of collection efforts.

or been compromised, so about 25 percent of the total money remains on the books. But I could not and would not translate that to individual veterans in terms of abuse. I would say that it is close to 5 percent.

Mr. Edgar. What percentage of your total staff is involved in trying to collect, tighten up, or change procedures, so that this abuse does not occur?

Mr. Wilson. I can give you the exact figures. The people who work on this do not usually work on this solely. They also work on other things. The figures I would give you would include our veterans assistance people, our vet. reps on campus, our finance people, our administrative people our adjudication people who make awards, some 200 people at our centralized automated office in Minneapolis, Minn., and our individuals who answer the telephone. It gets to be a substantial figure.

Mr. Edgar. What is the total employment in the educational division of the Veterans' Administration?

Mr. Wilson. It has to be a combined figure, Mr. Congressman, of the education, the compensation, and pension people. It is some 6,200 employees out of 20,000 in the department.

Mr. Edgar. Suppose we in Congress after listening, and helping you to tighten up procedures, getting you down to a 4- or 5-percent rate abuse level, and then looking to the other 95 percent of the veterans, that we are interested in providing benefits for, suppose we in Congress decided we were going to end the delimiting date from June of this year to 2 or 3 years, and suppose that magic would happen through our budget process, and that would be accomplished before the June 1 deadline, would you have the staff and the facilities at your disposal to promulgate the regulations, to extend the delimiting date, immediately, or would that be a difficult task for you?

Mr. Wilson. No, sir, we had not contemplated that that law would be extended We would be prevented from doing that in the appropriations process, so we would not be staffed to administer such an extension.

In the nature of doing things, such a new law would probably qualify for a deficiency appropriation from the Office of Management and Budget. We probably would be allowed to spend administrative money as if it were going to be appropriated later on in the year. But to answer your question specifically, we would not be staffed at the point in time that this extension would be passed to properly administer it.

Mr. Edgar. Some of us on the committee are very concerned about the extent of the delimiting date, and providing educational benefits for the veterans, and we are concerned that we provide at least a partial extension for those veterans who are not abusing the system, but who are within 6 months to a year to completion of their degree, and who will be, because of the deadline of the 10 years from 1966 to the present, will be terminated before they run out of their entitlement, and there will be an effort made in the budget resolution process to include some for partial extension on the House side.

Prospects of that are very slim, as you can imagine, because the House committee has, our committee has not taken a strong position to extend the delimiting date, but I am receiving a large number of letters from veterans who came out in 1965 and 1966, who went and started families, and because of the economic situation, and the unemployment situation, find themselves now unemployed, and they are back in school, maybe they are within 2 years of the completion of their degree program, and who will now be terminated, and there will be a great deal of pressure to extend this delimiting date.

I know one Senator has introduced a bill, and we have 100 House Members who have cosigned legislation to extend the delimiting date in some way.

I raised this issue not to get a definitive answer statement from you, but to say that the discussions those of us have had, I do not want to see this cloud the committee in dealing with positive aspects of the GI educational program, because I think we get back more money than we put into the system, that is, it returns us more in the long run.

I appreciate the patience of the committee of my questioning, and particularly in zeroing in on the percentage issues, and I appreciate your testimony.

Mr. WILSON. May I just comment? I have not heard until today that there was a concern on the part of the Congress, that the overpayment question, and the abuse question, and correction of abuse, and correction of overpayments, had much of an impact on congressional determination as to whether or not the termination should or should not be extended.

That is not to say it does not exist. We have just not heard it in those terms.

Mr. EDGAR. The reason I indicated that, is that I see that it is the case, and that when discussions with the chairman, the chairman of this subcommittee, and the chairman of the full committee has occurred, the comment has come back each time, look at this junior college, or the specific institution, and look at the veterans who are abusing the system, and it has been a concern of mine, that perhaps we are mixing apples with oranges, rather than dealing with two separate issues, rather than the issue of abuses, and the issues of positive effects of the GI program, as well as the continuation of the benefits.

Mr. WILSON. Without commenting as to the merits or demerits of extension, I would say that a much larger number of veterans will continue to be entitled under the GI bill, than those who will be terminated on May 30, and so, therefore, we will still have school relationships, and liaison with the schools, and to the extent to which this problem has existed, it will have to be corrected as to those people who remain entitled to schooling, and I would not see much of a correlation between these two things.

Mr. MOTTL. Mr. Wilson, before we conclude, and we will reconvene for the benefit of the committee members on April 28 at 10 a.m., with the Veterans' Administration, and the same personnel continuing, the last question, if I may offer it, how many veterans of this 5 percent rate have been prosecuted, and how many have been convicted since 1967?

Mr. WILSON. I was going through some material, but I will have to supply the actual figures for the record, but the material I have is a mixture of cases of individual veterans and of cases of schools.

Some 3,500 of that mixture were submitted to the Department of Justice for possible fraud violations.

Some convictions have taken place, some investigations are ongoing, which are very involved and very extensive, and we do not know when, or if certain indictments will be returned.

I can furnish to the committee such information that we have in that respect.

I would be very reluctant, and I am sure the chairman would agree with us. I would be very reluctant for names to be used in those instances, where suspicion only exists, and where we do not yet know all of the facts.

Mr. MOTTL. Could you furnish for the committee by the next meeting as to how many have been indicted, and how many have been convicted. I think would be very helpful.

Mr. WILSON. Could I make one final statement, I hope in my response to the Congressman from Tennessee, that I have not overly reacted.

I understand his concern. I appreciate his concern.

I know he and I share the same objective of trying to do what is right for the program, and I would hope my responses do not indicate otherwise.

Mr. ALLEN. Not at all. I am interested in what we have done, and the Congress has failed in the past, if that is so, and in what respect, and as to what new procedures should be adopted in the Veterans' Administration to tighten up this overpayment problem, and of equal concern to me is the cheating of the veterans by sending them to schools that are not schools, not accredited schools, or schools in which they are not getting what they are paying for, and this concerns me very greatly, and I am a strong supporter of this program, and I do not want to see it fall by the wayside, and our failing in the extension of the delimiting date because the Congress turns sour on it by these revelations, and that is the reason I want not only your opinion as to what Congress can do to help you, but what new regulations you can use under the administration of the law, and this is what I wanted to know.

Now, I do not hold any offense at all, and I hope you took no offense in what I said.

Mr. WILSON. Not at all. I would like to consult with my colleagues before the next hearing. I am a little concerned about my off the top of my head figure of 5 percent. I am not at all sure that that has much scientific validity, and I would like to confer with my colleagues, and perhaps make a very brief statement at the next hearing if it is considered to be appropriate.

Mr. MOTTL. By all means.

Mr. EDGAR. I would encourage Mr. Wilson to be as brief as possible in any statistics that he would have that would be helpful in focusing in on the number of abuses, number of indictments, that type of thing, which would be very helpful to us, and I appreciate the fact he shared his off-the-cuff guess, but I can understand it would be helpful to have the specific data.

I would also like to commend our chairman for putting up with us, and conducting a very fine hearing.

Mr. MOTTL. Thank you, Mr. Edgar.

Without objection, the subcommittee will stand adjourned.

[Whereupon, the subcommittee was adjourned at 12:10 p.m.]

OVERPAYMENTS AND ENFORCEMENT OF STANDARDS IN THE VETERANS' EDUCATION PROGRAM

THURSDAY, APRIL 29, 1976

U.S. House of Representatives,
Subcommittee on Education and Training
of the Committee on Veterans Affairs,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 343, Cannon Building, the Honorable Ronald M. Mottl, presiding.

Mr. Mottl. The subcommittee will come to order.

The subcommittee will continue to hear testimony from Mr. Rufus Wilson, Chief Benefits Director, Veterans' Administration, and his associates.

Last week, time expired before all questions were completed. However, before resuming questioning Mr. Wilson, we will proceed to hear Mr. Wilson on the subject of standards of progress in the veterans' educational program.

Indications are that the failure to adopt and apply standards of progress as long required by the law is a root cause for millions of dollars of both identified overpayments and unwarranted payments. The subcommittee therefore is looking forward to hearing the VA on this most important part of the veterans' education program, and the action taken by the VA to enforce the law requiring standards of progress.

At the conclusion of Mr. Wilson's testimony, we will resume the questioning from last week with additional questions on his testimony of today.

It is the Chair's plan to hold questions, Mr. Wilson, to 5 minutes, so if your colleagues would be concise, we would appreciate it. The only exception will be Mrs. Heckler who was terminated at the previous hearing very abruptly when she was gracious enough to give the other members a chance to question the witness. We will have 10 minutes at the outset, and then 5 minutes after that, and we will keep rotating until time is exhausted.

I would like to ask you to introduce your colleagues.

STATEMENT OF RUFUS H. WILSON, CHIEF BENEFITS DIRECTOR, VETERANS ADMINISTRATION

Mr. Wilson. Thank you, Mr. Chairman.

I am accompanied by Mr. Andrew H. Thorton, Director, Education and Rehabilitation Service.

Mr. Clarence G. Greenland, Director, Budget Staff.

Mr. Martin G. Carlin, Executive Assistant to the Controller.

And Mr. William G. Malone, Assistant General Counsel.

Mr. Chairman, and members of the committee, I am pleased to have an opportunity to appear before you again today to discuss the subject of "standards of progress" in the GI education program. The absence of clear-cut standards of progress by some schools has been termed by the news media as "ripoffs" by some people in the education program.

In the summer of 1975, the problem came to our attention through various sources, including some of the officials of the various State-approving agencies. Further investigation of the situation brought to light changes in educational practices and philosophy in recent years which have been susceptible to abuses by some students. Some colleges have turned increasingly to open-door enrollment practices, nonpunitive grading, lax reporting of attendance and liberalized withdrawal policies. These school policies, accompanied by poor record keeping and inadequate enforcement of standards of progress, resulted in the VA paying subsistence allowance to many veterans and other eligible persons who were not actually in training. Some students would enroll for full-time training, receive benefits for a semester and then withdraw prior to examination time, without ever attending class.

We had relied on institutions of higher learning to have standards of progress and to report to the Veterans' Administration promptly when they were not being met. This was necessary because the law requires that benefits to a veteran must be terminated when the recipient is not making satisfactory progress in his or her program of education.

The opportunities for overpayment from such school policies have increased with our liberalized provisions for certifying periods of enrollment and verifying periods of attendance to facilitate timely and uninterrupted payments of educational benefits. These provisions have largely accomplished the goal of timely payment of benefits. But, in those cases of discontinued schooling, or reduced training time, when notification was not timely received by the Veterans' Administration, such policies resulted in substantial overpayments.

The overwhelming majority of schools and students are honest and serious about education. However, in a program of this magnitude, a significant minority saw an opportunity to turn this situation to their advantage and misled the Government into improperly paying for some benefits.

Mr. Chairman, I would like to cite some specific cases to provide examples of certain abuses that we have encountered in our administration of the education program.

California community colleges adopted programs of education which combine work experience gained by students on the job with instruction as an integral part of the community college curriculum. Such programs are premised on the concept of developing classroom study and planned experience outside of the classroom environment.

Last year it came to our attention that approval for work experience courses in California was subject to questioning. The California State Approval Agency was summarily approving all such requests as institutional type training. The State approval agency in California was requested to review the approval of each work experience course offered at California colleges. At this time payments are continuing pending the outcome of the review.

To be approvable, the work experience must be required for graduation and must supplement the veteran's institutional training. General work experience may not be considered. In California it was found that many veterans were being paid benefits for work experience which was not in any way related to their institutional training. In one instance, a VA employee was being paid for work experience for his employment with the VA. He was also being given credit toward graduation although it was not relevant to his studies.

In South Carolina, a school department head, his wife, and another instructor had assisted approximately 90 veterans in filing for tutorial benefits. Payments of $11,760 were made; however, $28,636 was actually requested. We found that 42 veterans actually received benefits. All of the tutoring was "performed" by the three people involved, but was not carried out on an individual basis as required by law. The benefits requested and/or received were split among three veterans and the other three involved, either on a 50–50 or 60–40 basis. Two persons have been indicted to date and one was convicted. The others involved have been named as unindicted coconspirators. Overpayments were carried against all of the veterans involved. The three school school officials are no longer employed at the school.

At an Arizona school, Arizona Western College, several instructors were found to have enrolled in their own course for the purpose of receiving VA benefits. This was discovered when one of the instructors gave himself a grade high enough to make the dean's list. When it was spotted by a school official, the FBI was notified and an investigation for possible fraud was undertaken. As a result two persons were charged with felonies.

Another abuse problem which came to our attention is a case of possible fraud on the part of a barber college in Chicago. It is called the Tyler Barber School. This was exposed during a compliance survey in November 1974. It seems that the school greatly over-enrolled veterans without regard to the existing facilities handling the student enrollment. The vast majority of the students did not register with the State of Illinois for such training. This supported the findings that they were not in attendance. School records could not be relied upon to verify attendance. It would appear that of the 1,367 students who were reported as enrolled, only 40 to 50 had registered and received certification from the State. This matter is in the process of being submitted to the grand jury.

The Justice Department is considering filing criminal charges against officials of a beauty academy in Puerto Rico. This is called the Academia de Belleza, School of San Juan. In this case, it was ascertained that students were also not required to attend class. Upon investigation, the VA determined that the school kept virtually no attendance records. Just before the VA suspended enrollment in January 1976, there were 1,417 veterans in receipt of VA benefits at the school.

In Nevada, community colleges did not enforce standards of progress. Veterans were allowed to enroll each quarter and allowed to receive benefits for the full quarter. There were instances where a veteran would exhaust all of his entitlement while earning only three or four credits.

After a routine survey at yet another school—this one a State college in Alabama—we found widespread discrepancies. It is called the Lawson State Community College. On July 23, 24, and 25, 1975, a VA regional office survey team returned to the school to continue an in-depth survey. During the first survey, 400 of the 893 veterans' records could not be located at the school, although later, more records were located. Accumulated overpayments at the school amounted to some $3,750,000. Where did those overpayments come from? The bulk of them resulted from the school's certifying veterans as full time when in fact they were attending three-quarter, one-half, and less than one-half time. Worse yet, there were 58 veterans who had not attended at all. In one instance, there was no record of one veteran's attendance for nine quarters—that's nine quarters—but yet, he had been paid full-time VA benefits.

Mr. Chairman, we must have accurate certifications from the school; we depend on accurate certifications. It is common knowledge, according to veterans interviewed, that a veteran can pay $50 and receive a passing grade in all courses in which he is enrolled without even attending classes. All of this has not been completely verified by investigators.

Our surveys revealed that there were no indications of "formal drop policies." Furthermore, veterans enroll in school, do not attend class, do not formally drop a class, do not get a grade or withdrawal status, but do receive benefits for the entire period. Also, the suspension and probation policy required by the State department of education has not been followed. The school does not give credit for prior training earned at other colleges and veterans are permitted to repeat courses even though they've completed the courses previously.

A Florida junior college has had an increasing enrollment of veterans. This is called the Florida Junior College in Jacksonville. The school did not increase its clerical staff to implement the additional administrative procedures. Thus, they fell further and further behind in certifying veterans and in notifying our regional office in St. Petersburg, when the veteran terminated. The school was also lax in reporting absences. This resulted in overpayments which could have been avoided.

Commencing with the fall 1975 term, the college instituted a strict attendance policy. As a result, 200 veteran-students were terminated for unsatisfactory progress and conduct. Officials of the St. Petersburg regional office met with school officials on October 21, 1975, to apprise school officials of the requirements for proper certification and reporting procedures. At that time, the school officials committed themselves to making a greater effort to submit enrollment certifications on time, to enforce a strict attendance policy, and to maintain standards of progress. They agreed to correct their problems by March 1976.

At the close of the fall quarter on December 19, 1975, the college terminated more than 800 veterans enrolled in undergraduate programs for failure to complete 50 percent of the credit work attempted for the fall quarter.

On April 5, 1976, our Florida regional office started a compliance survey, to find out whether or not school officials had attained their goal of adequate certifications. While this survey was not a 100-percent audit, it was more than the usual compliance survey. The survey team took a sampling of over 120 institutions of higher learning cases and a like number of noncollege degree cases. The IHL segment of the survey has been completed. We expect the entire survey to be completed during the week of May 17, 1976. Our primary finding with regard to IHL courses has been that veterans are taking courses which are extraneous to degree requirements. Twenty cases of this nature were discovered.

We should say, in all fairness to the school, that they've taken steps to correct this. Their data processing system generates a notice when each veteran accrues 55 hours (60 hours are required for an associate degree). Veterans who receive computer notices will not be allowed to complete their registration without clearing with the school's office of veterans' affairs. Survey results so far indicate that school officials have made significant strides toward complying with all laws and regulations.

On March 18, 1975, a representative of the Los Angeles regional office conducted a compliance survey at a college in the southern California area. It is called Citrus College. Our representative noted discrepancies in the files he reviewed and discussed the matter with a school official. On October 21, 1975, a followup review was conducted and again a significant number of discrepancies were noted. In addition, new problem areas were found. A school official was again informed of the discrepancies.

Inasmuch as the problem areas were not corrected, during the latter part of 1975, the field station undertook a 100-percent review of the records of the veterans at the school.

We unearthed information that the college had submitted enrollment certifications for veterans who had already qualified by reason of previous education or training opportunities; veterans were repeating courses which they had successfully completed; students had an excess of 70 units without proposed justification for remaining in the junior college; records were not maintained for previous education and training of the veteran or eligible person; the college failed to notify the VA of cases where the records clearly indicated unsatisfactory progress; and false reports of certification concerning the veterans' course of education had been submitted to the VA.

On December 15, 1975, we suspended the enrollment of 1,029 veterans of the 2,500 enrolled. Prior to February 1, 1976, approximately 600 veterans were reinstated on the VA rolls.

A suit was filed against the school and the VA by the aggrieved veterans seeking injunctive relief. On February 23, 1976, the court issued a temporary restraining order requiring the VA to restore all of the veterans to the benefit rolls. Since some of the veterans had not reenrolled for the February term, the order was modified to require the VA to send a letter to each of the veterans involved allowing them 5 working days to reenroll and be restored to the benefit rolls.

On March 23, 1976, a hearing was held at which time the court rejected three of the four jurisdictional arguments set forth by the Government. It was also agreed that another hearing would have to be set for arguments.

At the March 30 hearing, the judge issued instructions to counsel for both sides to prepare a preliminary injunction order which would require the VA to (1) furnish veterans with advance written notice of at least 30 days of its intent to terminate, reduce, suspend, or set-off their educational benefits; (2) advise veterans as to the specific reasons for the proposed action; (3) give veterans the opportunity to question and dispute the reasons for the proposed action; (4) allow the veterans to examine their claims files; and (5) allow veterans the right to submit written evidence contesting the law and/or facts supporting the VA's decision and to discuss the matter with a VA employee. We would be required to continue to pay benefits to these veterans during this 30-day period.

The temporary restraining order under which the VA has been operating during this period of time is to remain in effect until the preliminary injunction can be drawn up in final form.

It is our position that if pretermination hearings are imposed on the VA, it will seriously impede the administration of the education program and will certainly increase the already high rate of overpayments. In the event a temporary injunction is issued by the judge, we are considering urging the Justice Department to appeal.

Mr. Chairman, at the April 13, 1976, hearings I submitted to the committee a copy of my affidavit which was presented to the court, concerning our current position pertaining to this matter.

Here in the District of Columbia a compliance survey conducted at a school in October 1975 disclosed a large number of discrepancies. This is, as you know, Mr. Chairman, Federal City College. This resulted in our undertaking a 100 percent audit starting on December 1, 1975, and finishing up now.

The survey team noted a failure to maintain standards of progress; repetition of courses previously passed; failure to notify the VA of changes in semester hour credits or terminations of training; veterans still pursuing training after they had attained the requirements for a degree; no credit evaluation for previous education and training; no records of effective date of withdrawal; irregularities in tutorial assistance; and repeated discrepancies and irregularities noted on a survey conducted during 1973.

The most recent information I have available is that, in all, we reviewed 2,407 cases. Of this number, 957 cases required no action—that is, there were no irregularities found. However, in 1,092 other cases we discovered overpayments averaging $948.38 per case due to faulty school processing procedure. Liability of the school has been determined to be about $1,026,000. The total amount of overpayments discovered in our review of cases so far involves some $2,000,000.

Just last month two Mobile, Ala., businessmen faced Federal prison terms for defrauding the VA of more than $2 million through the operation of a now defunct business college. They were tried and found guilty of bilking the VA by falsifying attendance records of veterans at the business college. Evidence at the trial established that the school records listed some veteran-students as being in class at times when the students testified they were not in attendance.

Many serious problems turned up at a business college in Knoxville, Tenn. It is called the Draughon's Business College. Let me give you a rundown of developments at that school. In July 1975, we brought to the attention of the school officials the fact that the 85 to 15 percent enrollment ratio applied to each course they offered was not being met. Later, on October 24, 1975, it was found that nothing had been done by the school to accurately compute the 85 to 15 ratio. Subsequently, a second warning was given. On December 15, and through the 17th, our field personnel accomplished a compliance survey which disclosed many more discrepancies in addition to the 85 to 15 problem. We found that school officials did not maintain adequate records of veterans' previous training, nor did they maintain accurate, current and complete records of academic progress. We also found improper certification of courses and hours pursued as well as improper certifications in cases where some students were not eligible for the degree program because they lacked a high school diploma or GED. In the followup survey, conducted on January 27 and 28 of this year, we found that these discrepancies still existed.

As a result of these findings, approximately 750 veterans at the school were notified that their benefit payments were being suspended. Our regional office Station Education Allowance Committee held a hearing on February 13, 1976, at which time the school was given the opportunity to present its evidence. The Station Committee recommended that educational allowances to all veterans enrolled be terminated and that new enrollments not be processed. February 25, 1976, the Station Director approved this recommendation and, on February 26 the school was notified of the decision and of their right to appeal it to central office. The school did appeal to central office and a hearing was held April 18, 1976. We have not yet received the recommendations of the hearing panel.

In response to these problems, we have taken positive steps and have revised our regulations to clarify and reemphasize our policy that schools have and enforce a standard of satisfactory progress for students. We require that schools report withdrawals, reductions in training time, and interruptions within the month in which they occur or immediately thereafter. The school's policy relative to standards of progress must be specific enough to determine the point in time when educational benefits should be discontinued. No student will be considered to have made satisfactory progress when he or she fails or withdraws from all subjects undertaken, except when there is a showing of extenuating circumstances when enrolled in two or more unit subjects.

Further, the policy must include the grade or grade-point average that must be maintained if the student is to graduate. The policy may include a probationary period of one-quarter or semester when the student fails below the required average. The school must maintain adequate records for veterans and eligible persons enrolled in courses that will enable it to ascertain at what point in time a student has stopped attending classes even if the course does lead to a standard college degree. If a student ceases to attend class, benefits will be terminated the date of his or her last class attendance.

Furthermore, we have reminded schools that, by law, schools can be held liable for overpayments resulting from willful or negligent failure to report a veteran's discontinuance or interruption or from false certifications. Such overpayments may be recovered in the same manner as any other debt due the United States. We make every effort to insure that overpayments are collected from the veteran. We also seek reimbursement from the school if they are assessed liability.

The above measures have been coupled with increased frequency of compliance surveys at institutions of higher learning from one every

4 years to one every year if there are 300 or more enrolled under the education programs.

These actions have had results. Nevada community colleges have formulated standards of progress and are enforcing them. For instance, one Nevada community college recently terminated the enrollment of 400 veterans for failure to maintain satisfactory progress.

We believe that these changes in regulations, which are in effect a clarification of previous policy, will go far to prevent the sort of abuses that have been pointed out. Mr. Chairman, we are on top of the situation. We believe the education community fully understands the Government's position. Schools are becoming aware that we mean to enforce the provisions of law and regulation, which should sharply reduce the overpayments which previously existed.

At the April 13 hearings before your committee, Mr. Chairman, you requested that we identify areas in the law where changes could be made which would tighten up the education program and thereby eliminate or reduce the GI bill abuses. I would now like to discuss some of those areas.

The present law concerning discontinuance for unsatisfactory progress is quite vague. It could be made more specific, so that when a veteran does not make sufficient progress in his studies to enable him to graduate within a specified time period—based on course of study and training time certified to the VA—progress would automatically be considered unsatisfactory and benefits suspended. To give you an example of what I mean: a veteran pursuing a 2-year associate degree, and certified to the VA as a full-time student, would then have only 2 years to complete the associate degree. After that—if, say the veteran takes 2½ years to complete the degree, subsistence for the one-half year could not be paid by the VA.

Mr. Chairman, we believe legislation that would prohibit payments for the "W" or withdrawal grade, which is heavily used by many schools, and legislation that would prohibit payment for any grade received which is not used in computing grade requirements for graduation, would be good areas to explore. Such legislation would cut out some of these situations where students get paid benefits only to withdraw and then turn around and take the same course over again next semester.

Present law requires institutions applying for approval to provide the SAA copies of its catalog or bulletin. This provision of law could be firmed up by the further requirement that these catalogs and bulletins be certified as true and correct both in content and policy by an authorized school official. These catalogs should also clearly state the school's progress requirements for graduation.

Additionally, consideration could be given to amending current law to state in no uncertain terms that the termination date or the interruption date of a course will be the last date of pursuit.

I would like to turn to the 85 to 15 veteran/nonveteran ratio requirement. Under current law, courses leading to a standard college degree and courses offered by nonproprietary institutions are exempted from this requirement. As I mentioned previously, we have learned that several accredited colleges have opened branch locations which are far removed from their main campus. Many times recruiting for these branch locations has been directed almost exclusively at veterans. When institutions of higher learning cannot attract sufficient nonveteran or educationally subsidized students, the potential for GI bill abuse is built-in. In view of this, you may wish to consider extending the veteran/nonveteran ratio requirement to all courses as well as elimination of the present exemptions. Also it could be expanded to include with the veteran group all students supported with federal funds.

With regard to the so-called 2-year operation requirement, as you know, current law exempts accredited, nonprofit institutions from this rule. You may wish to consider removing this exemption. Further, legislation could be considered to apply the 2-year requirement to branches or extensions of public or other tax-supported institutions when such branches or extensions are located outside the taxing jurisdiction of the public or tax-supported school. In addition, the committee may wish to consider legislation that would require application of the 2-year rule to branches or extension of proprietary institutions when the branches or extensions are located beyond the normal commuting distance of the main campus. Legislation which would eliminate the existing exemptions with regard to the veteran/nonveteran ratio requirement and the 2-year rule would also curtail those abuses which have arisen out of the "contracting out" problem which I addressed at the previous hearing.

Finally, we have given some thought to what could be done in the area of combination correspondence residence courses, our experience has been that many times the correspondence portions of these courses are, to put it bluntly, worthless. Also, they frequently bear little relationship to the residence portion of the course. Therefore, legislation that would not allow payment for the correspondence portion of a combination residence course may be considered. Such legislation would clean up many of the slipshod methods of operation that I outlined to you at the last session when I referred to the semitruck driver course offered by a school in Indiana.

Mr. Chairman, this concludes my presentation. My associates and I will be pleased to respond to any questions you may have.

Mr. Mottl. Thank you, Mr. Wilson.

Again, the Chair will reiterate that the questions and answers will allow every member to have 5 minutes, and we will continue from one member to another in 5 minutes will include the questions and answers, and we ask Mr. Wilson and his colleagues to be as brief as possible, and when responding other than Mr. Wilson, will you kindly identify yourself for the reporter.

First of all, we will hear from Father Cornell.

Mr. Cornell. Thank you, Mr. Chairman.

I happen to have been a teacher for 34 years, 37 years in college, and I understand the problems that are involved, as far as various schools having different policies in reference to attendance.

I never took attendance in my classes, but progress was determined largely on the basis of examinations that were required, and so I can see the difficulty when you are talking about legislation, of making legislation specific enough, and at the same time that would cover all types of educational institutions. There was one question, and that is this, in the percentage of cases that you have investigated, what number would you say you have found schools to have been undertaking practices like this, of certifying when students have not made progress?

Mr. Wilson. I would have to get the number for the record. I would say that in a large number of community colleges across the Nation, there has been a problem.

Mr. Cornell. You are talking about junior colleges and community colleges?

Mr. Wilson. I am really talking about every kind of institution, but the problem has been more prevalent in community colleges than in others.

Mr. Cornell. What about regular 4-year institutions?

Mr. Wilson. In some we have had problems.

Mr. Cornell. This is the first time I have had an opportunity to attend these hearings, because previously I had markup sessions in other committees.

I am wondering, in instances where you find that you have overpayment, and practices of certifying, when they are not attending classes, things like that, what is your immediate action? What can you do?

Mr. Wilson. First, Congressman Cornell, we have compliance surveys, where people from our office go out to the schools. They look at the records, and they attempt to help the schools and assist them to have better records, and to have better systems, things like that.

State approval agencies also have people doing this same kind of thing.

We have discovered discrepancies, we have discovered problems, and we attempt to work them out with the schools. We attempt not to be arbitrary about the matter.

Mr. Cornell. You mentioned that you were notifying the schools that they were financially responsible for overpayment.

Has anything ever been done to try to collect overpayments from institutions?

Mr. Wilson. Yes, sir, that has been in the law for a long time, but as to institutions of higher learning, I would have to say there has not been, over a period of time, a concerted effort to establish liability against those schools.

It was not until the summer of last year that the problem became very acute. It was not until that time that we substantially increased our compliance effort in places where they have at least 300 students. This also increased our liability collection effort.

The liability exists against veterans as well as against schools.

Mr. Cornell. Has any case been undertaken where colleges were forced to make financial remuneration on the basis of liability?

Mr. Wilson. Yes; there has been.

It has not yet been very significant. We think in the future it will be significant. As I say in my testimony there is a college here in town, which now is in the process of being possibly assessed some $1.6 million.

Mr. Mottl. I think we asked Mr. Wilson in the last session to furnish information as to how many schools have been assessed, and he will furnish that.

Mr. Wilson. Yes, sir, I will do that.

Mr. Mottl. I am sorry for interrupting.

Mr. Cornell. That is all right.

What about actions against the veterans involved in cases of overpayment?

Mr. Wilson. The overpayment is simultaneously established. Primarily it is a veteran indebtedness, sir. The first attempt is made to collect the money from the veteran. The liability may be assessed, simultaneously, against the school. But it goes against both, and if by chance the school pays it, and then the Veterans Administration also collects it from the veteran, we would then refund it to the school.

Mr. Cornell. What about a case where you would have these students enrolled in four courses, and then withdraw from three of those courses prior to examination time? This can be done in the institution where I taught. What is the policy as far as the Veterans Administration is concerned in these cases?

Mr. Wilson. Under the law and under our standards in that kind of instance, except for extenuating circumstances, we would say that would be an example of unsatisfactory progress. The school should have notified the Veterans Administration that satisfactory progress was not being accomplished, and that veteran should have been terminated from the GI bill.

In the event there were extenuating circumstances, such as severe illness, or something of that nature, we would of course look at each individual's case.

Mr. Cornell. One last question, and my time is up.

In an instance, where the veteran withdraws from a course, or has not been attending classes, would there be any means of charging from the veteran?

Mr. Wilson. Yes, sir, there would be two principal means. If he ever enrolled in a school in the future we would offset any GI bill benefit against the indebtedness. And, No. 2, we would attempt to collect from him, as we would attempt to collect any other debt against the Government, by direct demand letters from him, letters which say how much money he owes us, and the method by which he could pay it back.

Mr. Cornell. Thank you, Mr. Chairman.

Mr. Wilson. I might say, Mr. Chairman, that the Congressman alluded to a question to attendance taking. I would want the record to be clear that VA does not require institutions to be taking attendance. I would hope that the record has been clarified on that after some previous confusion.

Mr. Cornell. I appreciate that. There might be some difficulty in institutions such as I was in, where students would stay in the course right up to the time of the examination, and then withdraw from the course. That student would still, from that point of view, be in good standing.

Mr. Wilson. I suspect, Mr. Congressman, in your teaching experience, you knew who was in your class, and you knew who was making satisfactory progress, and I suspect in those instances where this did not occur with regard to satisfactory progress, there would be no problem in regard to you.

Mr. Cornell. Of course. But in the registrar's office, they do not know that. All they know is what that final grade is.

Mr. Wilson. As to that, we accept the student's own reasonable statement as to when he has last attended. We would also accept the professor's reasonable statement as to when the student last attended, and we would accept his statement as to book reports or examination reports that may have come in. We would try to be reasonable in establishing the last date of attendance in attempting to determine the amount of any overpayment.

Mr. Mottl. Mr. Wilson, thank you.

We will next hear from Mr. Walsh, our colleague from New York.

Mr. Walsh. You state just last month two Mobile, Ala. businessmen faced Federal prison terms for defrauding the Veterans Administration of more than $2 million through the operation of a now defunct business college.

How many college administrators have been tried and convicted under this program?

Mr. Wilson. On a nationwide basis?

Mr. Walsh. On a nationwide basis.

Mr. Wilson. I can supply the actual figures for the record.

There have not been very many. There have been a significant number of instances referred to the Department of Justice, either for investigation by the FBI, or possible grand jury, or possible trial action.

Some convictions have taken place, but not a very significant number.

Mr. Walsh. I would guess then from the case history of that particular case, that it takes a long time to do anything. You seem to have discovered that something was amiss in July, and then it was just this April you were able to conclude this, and it is still under appeal, and you do not know what the final decision is yet.

Mr. Wilson. That is basically correct, Mr. Walsh. There have been seven college administrators indicted, six convicted and one pending.

Our procedures are, and I think this is Government-wide procedure, we are not primarily an investigative agency. When we run across a compliance survey what appears to be a fraud situation, we are required to refer that to the FBI, and they make the inquiry, and they, in company with an assistant U.S. attorney, make the determination whether or not they should proceed further. But there is often a time lag of some considerable significance.

Mr. Walsh. To get back to your responsibilities, the provisions for the advanced payments, and prepayments have been in effect for about 3 years now. Should not the rate of overpayment have started to level off by this time? It seems like the trial period ought to be over, and the standards of improvement should be setting in pretty soon.

Mr. Wilson. The rate of overpayment has not leveled, Mr. Walsh, primarily, because of two basic reasons, other than the ones of which I spoke of about lax reporting by veterans and schools.

There has been a tremendous increase in the total number of veterans who have gone to school.

This, of course, creates a higher potential for overpayment. In addition to that, the rates established by the Congress provided for a substantial increase in rates over those previously paid. That is a very contributing factor, in the dollar amount of overpayments.

We think we are currently receiving a substantial upsurge in the number of overpayments, primarily because of our increased emphasis on the problem, primarily because of events that have been heard by this committee, and the public relations that have been attached to that.

We have noticed a very significant increase in the number of reports being made to us by educational institutions across the country in terminations, reductions and suspensions. These are matters that should have been reported to us at an earlier time.

I was in Minneapolis, Minn., yesterday, going through our automated collection procedure. The latest report for April is that about 100,000 new accounts are being just now established.

I mentioned in my testimony that 400 cases in the community college in the State of Nevada had been established and that some 1,000 such payments just came from Federal City College. So we think we are flushing out things that should have been reported to us previously. As to leveling off, overpayments will begin to level off substantially only and as the GI bill enrollment begins to decline and as our efforts bear more fruit.

We think it is reaching peak about right now. As total enrollment begins to decline, surely the number of overpayments, both as to numbers of accounts and amounts of dollars will be reduced.

Mr. **Walsh**. Is not this almost an admission the Veterans' Administration has lost control of this program?

Mr. **Wilson**. No, sir. The causes of the overpayment are severalfold. They in many instances are caused by advanced pay, and prepay. In many, many instances, according to the report submitted to this committee, and according to testimony given on that report by the General Accounting Office, they are also caused by laxness on the part of schools and veterans.

In some instances, they are caused by normal time lag, and processing by schools and by the Veterans' Administration. And in some instances, of course, I would have to say they are caused by laxity in our own area.

The GAO report, as I recall, says that that is something like 17 percent.

Mr. **Mottl**. It was 20 to 21 percent in the GAO report.

Mr. **Walsh**. Well, you indicate that you used to make compliance surveys every 4 years, and you have changed that to two every year now if there are 300 or more enrolled in an educational program. What about schools with less than 300?

Mr. **Wilson**. We make them in two ways. One is on a need basis. If something is brought to our attention where it is indicated we ought to do a special survey, we do it. We also do them on a time available basis, at the smaller schools, but at a lesser level than at the larger schools.

Mr. **Walsh**. I assume, because of the sheets in front of me, that you made compliance surveys at the Florida Junior College.

Mr. **Wilson**. Yes, sir, in Jacksonville.

Mr. **Walsh**. Now, there is a record of the students, and it covers the spring term of 1973-74, here is one student with his grades with W, WP, withdraw passing, whatever that means, and no credits at all that term, and the fall term of 1974-75, everything was NP, meaning nonpunitive, whatever that means, and in the winter term of 1974–75, he had two failures, and again an NP, meaning nonpunitive, and during the three terms where he failed to earn a single credit hour, he received benefits.

Now, there is another one from the Florida Junior College, the fall term of 1974–75, four failures and one nonpuntive, the winter term of 1974–75, this is a new one, an incomplete failure, a nonpunitive failure, and another nonpunitive.

No credit hours, no credits earned at all, and he received Veterans Administration benefits during this period, and I am sure there are other cases in the record.

I do not know how I could explain something like this to my constituents, to be honest with you.

Mr. WILSON. The law has always been that any school should certify to us when unsatisfactory progress by a veteran student has not been accomplished.

That school, as I said earlier, in a large number of cases did not so certify. That school had policies, programs, and procedures that were not in accordance with the law on satisfactory progress. The school has been visited by VA officials on several occasions, as I said in my statement. It earlier disenrolled 200 people for the very reasons that you indicated, and later on it disenrolled 800 more. They still have some problems there. They have made some significant improvements, I think, but certainly the kind of examples you quote from that particular junior college are horrible examples of the kinds of things we have been trying to clear up all across the country. Incidentally, I am aware that the committee staff, and this committee has inquired into that particular school, and has been of great assistance to us in respect to it.

Mr. WALSH. My time is up. Thank you.

Mr. MOTTL. Thank you, Mr. Walsh.

Mr. Wilson, if you could be a little more concise, if possible, we would appreciate it.

Next I would like to introduce Mr. Edgar from Pennsylvania.

Mr. EDGAR. Thank you very much.

Mr. Wilson, I have specific questions that are along the lines of Mr. Walsh.

Can you provide us with a number of compliance surveys that the Veterans' Administration conducted in the year 1975.

Mr. WILSON. We would like to submit it for the record. I think it is around 11,052.

Mr. EDGAR. Could you give us the number of cases that are in litigation for either individuals, or schools that have abused the law, or have violated the law, that was passed by Congress?

Mr. WILSON. My memory, Mr. Edgar, is that there were 189 cases over the past few years submitted to the Department of Justice.

They were investigated by the Department of Justice, through the FBI, and some went to trial. My memory is that there were seven convictions. There were some 12,000 veterans involved, whose cases were also submitted to the Department of Justice. They were of all kinds and descriptions. To be very fair about the matter it should be stated that there might well be an instance where there were 400 or 500 veterans at one school whose names would go to the Department of Justice.

Mr. **Edgar.** I would like to say that we would appreciate having some additional information on those cases.

Mr. **Wilson.** We will submit complete tabulations for the record.

Mr. **Edgar.** It seems there might be more aggressive action taken, either by the Department of Justice, to try to clean up some of the abuses.

The third question, the last time I asked for a percentage of the number of veterans using the GI educational program who are abusing the system, what is the percentage of the system out of the total system, if 100 percent of the GI's using the system, of that number, what percentage of that 100 percent have abused it, of those who have received overpayments, and not paid them back?

Mr. **Wilson.** I want to make it clear for the record, if I can, Mr. Edgar, that we want to be clear about what we call abuse, because there are a number of instances of what we would call innocent overpayments.

I used the figure of about 5 percent abuse in my previous testimony, and I said I wanted to look at that and discuss it with my colleagues.

I very frankly cannot come up with a better figure, but I do not know how scientifically valid it is.

Mr. **Edgar.** My fourth question is, will you provide the committee with copies of some selective standards of progress, those from the different universities and schools of higher learning, which might establish their own standards of progress, which you refer to in your testimony today.

Mr. **Wilson.** Yes, we can do that. Those are submitted to State approval agencies. We have some copies of them, and I will be pleased to submit them.

[The data follows:]

Philander Smith College,
Little Rock, Ark., November 20, 1975.

Subject: DVB Cir 20-75-84, standards of progress.

Mr. Rufus H. Wilson,
Chief Benefits Director, Department of Veterans Benefits,
Veterans Administration, Washington, D.C.

Dear Sir: In compliance with Regulations 14253 and 14277, Philander Smith College is hereby submitted its set standards of progress to your Office and to the State Approving Agency for aproval.

A. ACADEMIC STANDING POLICY

In order to remain in good academic standing with the institution a student must maintain a cumulative point average of 1.0 (C) or above.

Freshmen

(1) A freshman student, who after the first semester, does not have a 1.0 average, is sent a warning letter before he enters the second semester of his freshman year, and his course load is limited to twelve (12) hours.

(2) If after the second of two semesters he does not have a 1.0 average, then he is placed on probation during which time he may not be elected to any offices nor serve in any office or on any committees, nor represent the college in any public exhibition, contest, game, or other co-curricular activity.

(3) If after two semesters the student still does not have at least a 1.0 (C) cumulative average over a two-semester probationary period, then he is referred to the Academic Policy, Curriculum and Research Committee where his case will be reviewed for action, which may include special counseling, restrictions, or permanent dismissal.

Sophomore and above

(4) A student at any level above freshman classification who does not maintain the 1.0 semester average will be sent a letter of warning. If a student's cumulative average falls below 1.0 (C) he will be placed on probation and will be subject to the requirements stated in items 3 and 4.

Other academic information and general education requirements may be reviewed in the *1975-76 Bulletin of Philander Smith College.*

Philander Smith College has a three point grade system. The V.A. regulation states: "The veteran students whose grade point average is less than 1.0 will be placed on academic probation;" that is, a D average or less . . . on a four point grade system.

B. CLASS ATTENDANCE POLICY

Students are expected to attend all of their classes. However, a student is allowed to be absent without penalty from a class for a number of class hours equal to twice the number of credit hours for the particular course. Therefore, if a three credit-hour class meets three days a week, absence from one class would be counted as one class-hour cut. However, if a three credit hour class meets two days a week, absence from one class would be counted as a one and a half-hour cut, and if a three credit-hour class meets one day a week, absence from one class would be counted as a three class-hour cut.

The paragraph cited above and other details pertaining to Philander Smith's Class Attendance Policy are included on the attached page.

Philander Smith College will establish and implement standards of progress that will help each student develop his or her greatest potential.

Yours sincerely,

WALTER R. HAZZARD, *President.*

CLASS ATTENDANCE POLICY

Students are expected to attend all their classes. However, a student is allowed to be absent without penalty from a class for a number of class hours equal to twice the number of credit hours for the particular course. Therefore, if a three credit-hour class meets three days a week, absence from one class would be counted as a one class-hour cut. However, if a three credit-hour class meets two days a week, absence from one class would be counted as a one and a half class-hour cut, and if a three credit-hour class meets one day a week, absence from one class would be counted as a three class-hour cut.

EXCUSED ABSENCE

A student may request in writing through the Office of the Vice President for Academic Affairs that an absence be excused provided that the absence refers to the items listed below:

(1) Death or serious illness in the immediate family.

(2) Illness of the student certified by the College nurse or the Dean of Students by whose orders the student is confined to his or her room.

(3) Class field trips which are required as class assignments properly cleared with the Vice President for Academic Affairs and scheduled in advance.

(4) Trips sponsored or sanctioned by the College authorized as business.

(5) Trips required by the Armed Services or Veterans Administration.

(6) Local emergencies requiring the immediate attention of the designated student.

(7) Other matters requiring the student's absence from class, provided the student has sought and obtained approval in advance from the Vice President for Academic Affairs.

To obtain an excused absence, the student must secure an absence request form from the Office of the Vice President for Academic Affairs. It must be filled out completely after every absence and must be supported by appropriate evidence to support the absence request. A request for an excused absence must be filled within one week after the student returns from his absence. Otherwise it may be considered an unexcused absence. Whenever possible, each student requesting an excused absence should consult with his instructors for class assignments.

When a student has been absent from class the allowable number of cuts, the faculty member should notify the student in writing informing him of this fact. When the student has been absence from class in excess of the number of times prescribed, he may be dropped from the class with a grade of "**Dropped Failing (DF)**".

If a student is granted an excused absence, the instructor should provide an opportunity for the student to make up all academic work missed. All work missed by virtue of an excused absence may be made up for full credit. Such credit is established through the initiative of the student in accomplishing the work to the full satisfaction of the instructor.

Uniform Policy for Determining Satisfactory Progress, Conduct and Enrollment at Postsecondary Educational Institutions for Veterans' Administration Purposes Only

(1) Definition of *Satisfactory Progress*:

(*a*) Will refer to each eligible person's (1) maintaining an acceptable cumulative G.P.A., according to individual college or university practice (C–, 2.0 etc., in absence of such policy, it is understood that a 2.0 average shall satisfy this requirement) *OR* WHEN THE STUDENT IS ENROLLED IN A NONCOLLEGE DEGREE COURSE he must be found to be at an attendance level that will enable him to complete his program within the normal graduation period; (2) actively and consistently pursuing his or her declared professional or vocational objective; and (3) completing those required classes sequentially that are part of his or her approved educational program.

(*b*) When a school's program is specifically designed to allow the student to progress at a rate commensurate with his individual ability, at least a monthly review of his advancement towards course completion must be conducted. If such is not satisfactory, then written notice must be given the student that he is on probation for 30 days. Should no improvement be made by the end of this period, he is to be terminated.

(2)(*a*) When a student enrolls and his program of education is approved by the school, the program outline must be complete in that it will include all courses needed to reach the stated objective. It must be generally accepted as being required for the attainment of the selected objective. It may not include courses only vaguely related to the attainment of the selected objective, nor courses or subjects desired for self-improvement. (The only possible exception to this rule may be a need for remedial work, which could not have been completely assessed at the outset.)

(*b*) When additional subjects beyond those generally required to overcome a deficiency before the approved program can be continued, the additional classes may be approvable as part of his program. *A statement will be required from the school certifying that:*

(i) The subjects are being taken for the purpose of alleviating the deficiency, and

(ii) No course previously taken for which credit has been granted is being repeated, unless repetition of that particular course is required for continuation in the approved program.

(*c*) School counseling channels should be established for those students requiring assistance.

(3)(*a*) Any changes in the number of credit hours or the clock hours of attendance, or any modification in the program certified at the time of enrollment, or when it is detected that a student's progress does not meet acceptable standards as defined herein, notice must be reported to the V.A. Regional Office (125 South State Street, S.L.C. 84111).

(*b*) ALL schools must maintain the capability *to promptly report* matters of (1) unsatisfactory progress, (2) withdrawals, etc., and (3) unscheduled interruptions. In addition, records must substantiate that a final grade is given for each subject, each term; a record of previous education and training, as well as appropriate credit given for comparable work already completed; and where an "E," "Withdrawal," "Incomplete," or "No Credit" is shown, a brief statement as to why this occurred.

(*c*) When it is determined that a student is failing to meet the school's standards, the last day of the student-veteran's actual attendance must be provided the Regional Office, to avoid creating overpayments.

(*d*) A "Prompt Report" is one that is received by the Regional Office within the month of the occurrence + 30 days.

(*e*) Accordingly, a school must be prepared to account for a particular student's class attendance and/or grades and assignments, as called upon to do so.

(4) Each institution is accountable, both as to monitoring and enforcement, for execution of these practices.

(*a*) The school also has responsibility to sufficiently publicize the definition and its implementation, in order that ALL students and other concerned individuals will be duly informed.

(*b*) Both the State Approving Agency and the Regional Office compliance survey personnel will be given ready access to any necessary institutional records to verify comformability.

(*c*) The school may be held liable for any overpayment resulting from the veteran or eligible person being allowed to reenroll, or continue in training after the date when a report should have been made to the Regional Office due to violation.

(5) Therefore, the Uniform Policy issued by the Utah State Approving Agency to all institutions of higher learning on May 15, 1975, is hereby rescinded. This Policy will consequently now apply to ALL SCHOOLS approved to offer programs of education to eligible persons under Title 38, U.S.C.

(5) (*a*) *Two copies* of the school policy implementing these prescriptions must be forwarded to this office for review. When endorsed, they will be transmitted to the Veterans Administration. (If these do not result in any further modifications for the *colleges and universities*, they need not separately reply.)

(*b*) The information called for must be submitted to the State Approving Agency by October 15, 1975.

(*c*) In all likelihood, additional amendments and criteria will be forthcoming from Washington. If and when this occurs, you will be advised through the usual channels.

STERLING R. PROVOST, *Inspector.*

THE FORT VALLEY STATE COLLEGE,
Fort Valley, Ga., October 30, 1975.

Re School Standards of Progress.

From: Gwendolyn Broomfield, Veterans' Coordinator.
To: Mr. Rufus H. Wilson, Chief Benefits Director.

All veteran students enrolled and certified to receive VA Benefits at The Fort Valley State College shall be subject to and abide by the same rules and regulations regarding standards of progress set forth by the school for all students. These regulations are currently printed in the school's Bulletin under "Scholarship Regulations". They are as follows:

"Any student whose cumulative average is less than 2.00 at the end of any quarter is placed on probation for the succeeding quarter. A student does not remove his probationary status until his cumulative average is 2.00.

All Freshman students will be permitted to remain in college for three quarters during which a full load is attempted. If at the end of his year of residence, a freshman's cumulative average is less than 1.5, he will be asked not to return for the following quarter.

Any freshman may attend the fourth quarter in an attempt to raise his average. If his average is still below the 1.5 required, he will not be permitted to enroll the following (fifth) quarter.

Any sophomore student whose cumulative average at the end of any quarter is below 1.60 will be asked not to enroll the next succeeding quarter.

Any junior student whose cumulative average at the end of any quarter is below 1.80 will not be permitted to enroll the next quarter.

Any senior student whose cumulative average falls below 1.90 at the end of any quarter will not be permitted to enroll the next quarter.

Any student who is not permitted to enroll for a quarter because of academic deficiencies must apply for re-admission. If the student is re-admitted after the lapse of a quarter, he must earn an average of 2.00 over the work taken for that quarter or raise his cumulative average to that required of students for his particular classification. All students are advised to re-enroll in courses that are previously completed with low grades to raise their averages.

The privilege of applying for re-admission after the lapse of one quarter does not carry with it an obligation on the part of the college to re-admit the student. The college reserves the right to deny re-admission to any student on the merits of the individual case, or if a student is re-admitted, the college reserves the right to indicate the conditions under which the student is to be re-admitted.

Any student who is dropped for scholastic deficiencies a second time will not be permitted to re-enroll in the college.

STANDARDS OF ATTENDANCE AND PROGRESS

To all veterans:

The following regulations apply to all veterans attending a Los Angeles Community College and receiving benefits under Title 38 of the United States Code.

ATTENDANCE REGULATIONS

Each student is required to attend all meetings of every class in which he is registered. A student is excessively absent and *may* be dropped by the instructor when his hours of absence equal the number of hours the class meets per week, regardless of the reasons for the absences.

The student is responsible for the completion of all work assigned in class, whether he is present or not. The instructor may allow partial credit, full credit, or no credit for work completed late.

WITHDRAWAL

It is the responsibility of the veteran to immediately inform the Office of Veterans Affairs of any reduction in unit load. The last day of a veteran's attendance in class must be immediately reported to the Veterans Administration in order to avoid overpayments.

An excessive number of units of *W* may lead to academic probation or disqualification. See the Scholarship Requirements below.

SCHOLARSHIP REQUIREMENTS

A student will be placed on academic probation if, after attempting a minimum of 12 units, any one of the following conditions occur:

(1) The student's overall grade point average falls below 2.0, or the student's grade point average in any quarter is below 2.0.

(2) The student transfers from another college with an overall G.P.A. under 2.0.

(3) The total number of *W* units exceeds the number of units completed.

In addition, a student may be placed on probation at entrance, when high school records are unsatisfactory.

PROGRAM PLANNING FOR VETERANS

To be eligible for veterans benfits the veteran should select a major and choose courses from those listed under the major in the catalog. The veteran is advised to seek counseling from the Veterans Counselor. The Veterans Administration will not pay benefits for courses that do not fit in a veteran's selected major.

Prerequisites to required courses will be allowed for payment. Repeats of courses in which the veteran received an *F* or *W* are allowable for payment. Repeats of courses in which a grade of *D* was earned are allowable only if the course is a sequential one in the student's major, and a grade of *C* or better is necessary before proceeding to the next required course. Courses in which the veteran received an incomplete cannot be repeated for one year. No course may be repeated in which a grade of *C* or better was earned.

70 UNIT RULE

Once the veteran has received units sufficient to equal or exceed the normal program printed in the catalog, the Veterans Office must certify the additional units needed for the veteran to complete the Associate degree. Once a veteran has received an Associate degree in any major, he is eligible for further training at the college only if he takes courses required for upper division status at his transfer institution, or if he changes his objective. These courses must be approved by the Veterans Administration. The 70 Unit Rule requires a veteran to see the Veterans Counselor before any more courses can be certified by the Veterans Office for payment of benefits.

UNIVERSITY OF MONTANA ACADEMIC POLICIES AND PROCEDURES

REGISTRATION

Registration occurs during orientation week, in advance of, and at the beginning of other quarters. Registration is subject to the approval of an appointed faculty adviser until a major field of study is chosen. After this choice, the head of the major department or school, or his delegate, provides academic advising.

Students who do not complete their registration during the scheduled registration period are subject to payment of a late registration fee, in addition to regular fees. A student may not register after the completion of the first week of classes. Registration is not completed until all fees are paid, and registration materials are returned to the Office of Admissions and Records.

Adding and dropping courses

Courses may be added during the first week of a quarter. After the first week, courses may be added only with the consent of the instructor and the dean or chairman of the department offering the course.

Dropping courses without penalty, or changing from credit to listener or the reverse, is permitted only during the first six weeks of a quarter.

To add or drop courses, to change from credit to listener or the reverse, or to change from Pass/Not Pass to letter grade or the reverse, the student must obtain a drop-add form from the Office of Admissions and Records, obtain the required signatures and return it to that office. No grade or credit will be given for a course not properly added.

Withdrawal from the university

Students who withdraw from the University while a quarter is in progress must complete withdrawal forms in the Office of Admissions and Records.

When withdrawal forms are signed in the Student Affairs Office and are filed before the end of the ninth week of a quarter grades of W are assigned. After the ninth week, the student who withdraws receives an incomplete, an F, or a grade with credit, at the discretion of the instructor.

Cancellation of courses

The University reserves the right to withdraw any course offering for which fewer than five students are enrolled before the opening of the course.

University employee's registration

With approval of the department chairman or school dean, and the academic vice president or business manager, regular full-time employees of the University may register for a maximum of 6 hours credit in a quarter.

GRADING SYSTEM

The University uses three systems of grading: traditional letter grades, Pass/Fail and Pass/Not Pass.

Traditional Letter Grades.—A—work of the best grade; B—work better than average; C—average work; D—work below average, but barely passing; F—failure. Other symbols used are: I—incomplete (given if some of the work of the course is not completed for good reason. An incomplete remains unchanged on the student's record unless the work of the course is completed); N—work on the course may be containued in later quarters (when work is completed, the final grade assigned applies to all quarters of the course); W—withdrawal from a course.

Pass/Fail.—Applies only to non-credit course and to certain seminars and other courses in the 500-600 series stressing independent work, which are designated by the department or school and announced in advance. The Pass/Fail grading system must apply to all students in the course.

Pass/Not Pass.—To encourage students to venture into courses where they might otherwise hesitate because of uncertainty regarding their aptitude or preparation they may enroll in certain courses on a Pass/Not Pass basis. Any student may enroll on a Pass/Not Pass basis in Health, Physical Education and Recreation 100 courses. A freshman or sophomore with a grade-point average of 2.00 or better, in addition, may take no more than one resident undergraduate course a quarter on a Pass/Not Pass basis. Juniors and seniors may take more than one Pass/Not Pass course a quarter.

No more than 60 Pass/Not Pass credits can be counted toward graduation. This privilege does not extend to courses required for the student's major, except at the discretion of the department concerned or to courses excluded by the instructor or the department concerned.

The grades of Pass or Not Pass are not formally defined in terms of their relationship to the traditional grades of A, B, C, D, or F; a P is given for work considered to be passing and therefore deserving credit, and an X for work not passed. All undergraduate courses offered on a Pass/Not Pass basis also will be offered on a letter-grade (A–F) basis. Courses taken on the Pass/Not Pass option *will not be computed* in a student's grade-point average, but credits earned in courses graded Pass constitute degree credit up to the 60-credit maximum. All courses taken and the grades received under the Pass/Not Pass option will be recorded on the student's permanent record.

Election of the Pass/Not Pass option must be indicated at registration time on the official program request card. After registration, but prior to the end of the sixth week of instruction, an undergraduate student may, upon request to the Director of Admission and Records, change a Pass/Not Pass enrollment to an enrollment under the A–F grade system, but he may not do the reverse. Course offered for a letter grade (A–F) only will be indicated on the Schedule of Classes.

The University cautions students that many graduate and professional schools and some employers do not recognize non-traditional grades (i.e., those other than A, B, C, D, F) or may discriminate against students who use the pass/not pass option for many courses.—However, the University encourages students to consider the potential value of learning without being concerned with grades and to experiment with some courses on a pass/not pass basis.

Computation of cumulative grade average

Grade points are assigned as follows: 4 grade points for each credit of A; 3 grade points for each credit of B; 2 grade points for each credit of C; and 1 grade point for each credit of D.

The cumulative grade-point average is computed by dividing total grade points earned by the total number of hours undertaken, excluding non-credit courses, courses assigned W, P, X, I, or N and courses numbered under 100.

SCHOLARSHIP REQUIREMENTS

A student who has completed two quarters of work at this University must meet the minimum cumulative grade average requirements shown in the table below to continue his enrollment. A student who fails to maintain the necessary grade average will be placed on academic suspension at the end of the academic year regardless of his last quarter of enrollment.

Number of credits attempted	*Minimum cumulative grade average required*
1–44	1.60
45–89	1.75
90–134	1.90
35 or more	2.00

Following the first suspension, a student is eligible for readmission after the lapse of one academic year, upon notification to the Director of Admissions and Records of his intent to return.

Readmission after the first suspension, but prior to the lapse of one year, may be granted by the dean of the college or school to be entered. A student readmitted early must maintain a grade average of 2.00 or better each quarter until he has reached the minimum standards required. If the student fails to meet these standards he is subject to a second suspension.

Readmission after more than one suspension may be granted only by the dean of the college or school to be entered.

To continue in third-year major courses, a minimum grade average of 2.00 must have been earned in all previously completed major courses. This also applies to teaching majors.

MAXIMUM CREDIT LOAD

Except for students registered in an approved curriculum, a student may register for no more than 18 hours credit during a quarter, including physical education activity courses, and courses which carry no credit such as English and Mathematics 001.

Permission to enroll for more than the maximum credit load given above may be approved by the student's dean or department chairman.

FULL-TIME STUDENT DEFINED

A student must register for a minimum of 12 hours credit a quarter to be classified as a full-time student.

REPEATING A COURSE

When a course is repeated, only the last grade received (excluding I) is used to calculate the cumulative grade average. A student must register for a repeated course under the same grading system used during the previous registration.

INDEPENDENT WORK

Under the "University omnibus option," credit is allowed for independent work in topics or problems that are proposed by the student and approved both by the instructor or instructors under whose supervision the work is to be done and by the chairman or chairmen of the department(s) involved. Such independent work may be registered for at any time and require as many weeks as the instructor(s) shall stipulate. The work may be in residence or off campus, as the nature of the study requires, although prior approval of all arrangements and faculty supervision must be assured.

All fees must be paid in advance of beginning independent work. The student may not receive a larger number of credit hours than he is registered for, although a smaller number may be completed and credit obtained with the approval of the instructor or instructors. No more than 15 credit hours may be received in a single topic or problem. A maximum of 40 credit hours of independent work for a bachelor's degree and 20 credit hours of independent work for an associate degree is permitted under the University omnibus option.

For each course taken under the University omnibus option, the student's transcript will show the departmental prefix, the level of the course, the number of credit hours, and an exact description of the topic (example: Art/Jr./3: Navajo Pottery, 1870–1890). Petition forms for independent work under this option are available in the Office of Admissions and Records.

CREDIT BY EXAMINATION

Under certain circumstances, a student may receive credit by examination for a course in which he has not been regularly enrolled. Each school or department may determine those courses, if any, for which credit may be earned by examination. The dean of the school or chairman of the department must approve any arrangements prior to testing for such credit. A student must have a minimum cumulative grade average of 2.00, and an entering freshman must present a high school scholastic record equivalent to a 2.00 grade average to earn credit by examination in any course.

COLLEGE LEVEL EXAMINATION PROGRAM

Credit may be earned for satisfactory completion of College Entrance Examination Board (CEEB) College Level Examinations Program (CLEP) examinations, when scores are received by the University from the Board. Credit for specific General Examinations and/or Subject Examinations will be granted subject to the approval of the academic department at the University which offers the course.

FOREIGN LANGUAGE REQUIREMENT

Departments, schools and programs may specify foreign language requirements (if any) for their majors and how they are to be met.

Requirements are established in consultation with the Department of Foreign Languages.

A student who has received credit for a modern foreign language in high school (not in a college or university) and who wishes to continue that foreign language at this University should enroll as follows:

Active Skills: four years of a language in high school, courses numbered 300 and above; three years in high school, 202; two years in high school, 201; one year in high school, 102, or if some time has intervened, 101;

Reading Skills Course: three years in high school, 211; two years in high school, 103; one year in high school, 102.

GRADUATION REQUIREMENTS

Bulletin governing graduation

A student may graduate under University requirements for the year in which he was enrolled for the first time, provided he completes graduation requirements within a continuous six-year period. If a student interrupts his attendance a year or more, he must graduate under the bulletin in effect at the time of readmission. A change of major requires the student to change only to major course requirements in effect at that time. A student may be graduated under a later bulletin than that under which he entered.

Candidacy for a degree

To become a candidate for a degree, the student must file formal application with the Office of Admissions and Records at least one quarter before the quarter in which he expects to graduate. Deadline dates are specified in the quarterly Schedule of Classes.

Credit required for a degree

Bachelor's.—A total of 195 credits is required for graduation with a bachelor's degree; except a greater number is required in pharmacy. Candidates for the degree of Bachelor of Science in Pharmacy must complete a five-year course.

Candidates for the Bachelor of Arts degree in the College of Arts and Sciences must complete a minimum of 93 hours credit in that college, except that credit earned in art and drama may be included in the requirement.

Second Bachelor's.—Candidates for a second bachelor's degree at this University, who earned their first bachelor's degree at another college or university, must meet all general and departmental requirements for the second degree, and must present a minimum of 45 quarter hours credit above the requirement for the first degree. Candidates earning their first bachelor's degree at this University may complete the additional credits concurrently with those applying to the first degree.

If the first bachelor's degree is earned at the University of Montana, a minimum of 30 quarter hours credit of the required 45 quarter hours credit must be earned in residence at this University. If the first bachelor's degree was earned at another institution, the required 45 quarter hours credit must be earned in residence at this University.

Juris Doctor.—Candidates for the degree, Juris Doctor, must complete three years of study in law totaling 90 semester hours credit, in addition to meeting the entrance requirements of the School of Law.

Associate of Arts.—A total of 98 credits is required for graduation with an Associate of Arts (A.A.) degree. Twenty-one of the A.A.'s 98 credits must be distributive: 7 credits in each of the three areas (1) humanities and fine arts (art, dance, drama, English, foreign languages, history, humanities, journalism, linguistics, music, philosophy, radio-television and religious studies), (2) social sciences (300 and 400 level aerospace studies, anthropology, black studies, business administration, economics, education, geography, health, physical education and recreation, home economics, interpersonal communication, 300 and 400 level military science, native American studies, political science, psychology, social work, and sociology), and (3) life and physical sciences (astronomy, biology, botany, chemistry, communication sciences and disorders, computer science, forestry, geology, mathematics, microbiology, pharmacy, physics, wildlife biology and zoology). There is a 60 credit limit on the total credits applicable to the A.A. in any one of the three areas. The minimum grade point average for graduation with the A.A. degree is 2.00 in courses taken on the traditional letter grade (A–F) basis.

Associate of Arts Program for Corrections Officers.—For information on the Associate of Arts Program for Corrections Officers refer to Extension, Continuing Education and Public Service (see index).

Credits required for a major

In general, the student in a bachelor's degree program must complete a minimum of 45 hours credit in his major field except education majors who must complete a minimum of 40 hours credit in education. A maximum of 70 hours credit in the student's major field is allowed to count toward his degree except majors in the Schools of Business Administration, Fine Arts, Forestry, Journalism, Law and Pharmacy who are allowed more.

Credit limitations

The amount of credit which may be counted toward the bachelor's and associate degrees is limited in certain subjects:

Subject	***Maximum hours credit allowed***
Physical education activity courses (HPER 100)	6.
Basic R.O.T.C. courses (100 and 200 level)	None allowed.
Advanced R.O.T.C. courses (300 and 400 level)	8.
Denominational religion courses	None allowed.
Performance music (Mus 100, 114–119, 125–130 and 201–401) (Music majors *only* may present more)	12.
Ensemble music (Mus 105–110 and 140) (Music majors *only* may present more)	6.
Certain business education courses (BuEd 180–191) (Teaching majors or minors in BuEd *only* may present more)	19.

Correspondence study

A maximum of 30 hours credit earned by correspondence study may be counted toward an undergraduate degree.

Grade average requirement

A minimum grade average of 2.00 (C) in all work attempted, and in all work attempted in the major field, at this University is required for graduation.

Residence requirements

The student must earn at least 45 hours credit and fulfill not less than three quarters in resident study at this University; 35 of the last 45 hours credit earned in resident study. Credit earned by extension courses offered on-campus count toward the degree must be earned in resident study. Credit earned by extension courses offered on-campus count toward the residence requirement for undergraduate degrees, but correspondence credit does not.

Senior examinations

Some departments and schools require a senior comprehensive examination as part of graduation requirements. This examination does not in any way replace the regular quarterly examinations except that departments adopting or using these senior examinations may excuse their major students during the senior year from regular quarterly examinations in major department subjects. The examination is a written examination of at least three hours length, and additional oral or written examinations may be given.

Examinations are given the last quarter of senior residence and are arranged in each department or school at the convenience of the persons concerned. If the student fails to pass this special examination, he shall be given another opportunity within the next six months without the necessity of taking additional courses. In case of a second failure, further opportunity will be granted at the discretion of the department or school concerned and the committee on graduation.

Graduation with Honors or High Honors

A student with a grade-point average at the beginning of his last quarter of 3.10 or higher for all credits attempted on his entire record as well as in the major field will be graduated with honors. To graduate with high honors, the student must meet these requirements with a grade-point average of 3.50 or higher and, in addition, must pass as honors examination (written or oral) administered by the department or school. The results of such examinations are to be certified by the department chairman or dean to the Director of Admissions and Records as "A" or "B" level.

A student who transfers credits earned elsewhere to this University must meet these requirements on grades earned at the University of Montana as well as on his entire record.

After these qualifications have been met, the candidate for honors or high honors must receive the recommendations of his major department and the faculty of the University of Montana.

In the School of Law, the grade-point average is computed on law credits only.

PLANNING A PROGRAM

Orientation

At the beginning of fall quarter, the University offers an orientation program designed to acquaint students with the many academic programs and career opportunities open to them. They are assisted by faculty members in choosing courses and registering for classes. Placement tests may also be taken as part of the program. In addition, the orientation program provides new students an opportunity to become familiar with the campus, classrooms, buildings and residence halls before classes start. Social events are scheduled as part of the program to help students get acquainted.

There is also an orientation program during the summer at which new students may register for all quarter classes and familiarize themselves with the campus.

Academic Advising

Each freshman is assigned a faculty adviser in his field of major interest. If uncertain about his field or major, or if he wishes to pursue general courses, he is assigned an adviser on that basis.

New students also receive counseling about courses and academic programs during orientation sessions. Further assistance is available at the Center for Student Development.

Transfer students are assigned to their major department for advising or to a general adviser if a field or major has not been selected.

The University also has an advising program for students already attending the University but who are undecided about their majors. The program is coordinated by the Academic Advising Office in the Center for Student Development (CSD).

Choosing a Major

Students seeking a University degree must organize their efforts in a particular department or school or in a group of related courses. This concentration, the major, should be chosen not later than the completion of the sophomore year.

DEGREE PROGRAMS

Associate of Arts.
Associate of Arts Programs for Corrections Officers.

College of Arts and Sciences

Bachelor of Arts with majors in:

Anthropology
Biology
Botany
Chemistry
Classics
Communication Sciences and Disorders
Economics
Economics-Political Science
Economics-Sociology
English
French
Geography
Geology
German
History-Political Science
History
History-Political Science
Home Economics
Interpersonal Communication
Italian
Latin
Liberal Arts
Mathematics
Microbiology
Philosophy
Physics
Political Science
Political Science-History
Political Science-Economics
Pre-Medical Sciences
Psychology
Recreation
Religious Studies
Russian
Social Work
Sociology
Sociology-Economics
Spanish
Zoology

Bachelor of Science with majors in:

Chemistry;
Computer Science;
Health and Physical Education;
Home Economics; and
Recreation.

Bachelor of Science in Medical Technology.
Bachelor of Science in Physical Therapy.
Bachelor of Science in Wildlife Biology.

School of Business Administration

Bachelor of Arts in Business Administration.
Bachelor of Science in Business Administration.

School of Education
Bachelor of Arts in Education.

Change of Courses

During the first week of the semester students will be permitted to revise their programs by adding any classes that are available. These program changes will be made by completing the appropriate forms during the Drop-Add period. After the Drop-Add period students may be permitted to change from one section of a course to another section of the same course only after consultation with the instructors involved, the recommendation of the department head and approval of the Dean of Admissions.

Withdrawal from Courses

It is the responsibility of the student to initiate a withdrawal from a course. In order to withdraw from a course, the student must contact the instrucor in person or in writing to indicate that he wishes to withdraw.

When a student in a class accumulates unofficial absences in excess of the number of times the class meets per week, the instructor may, but is not obligated to, file a withdrawal form. The student will be notified of this action by mail. The student must consult with his instructor if he wishes to be reinstated. A student may request a withdrawal from a course through the last week of instruction. A grade of "W" will be assigned at the time of withdrawal.

Any non-attending student who does not withdraw officially from class before the beginning of the final exam period will, at the option of the instructor, receive one of the following grades:

Z—No credit (not computed in grade point average)
F—Failure (computed in grade point average)

The above regulations do not pertain to a student's complete withdrawal from college.

Complete Withdrawal from College

Students who wish to completely withdraw from college at any time before the close of a semeter should complete the following withdrawal procedure:

1. Obtain a "Withdrawal from College" form from the Counselor's office.
2. Obtain the necessary signatures on the withdrawal form.
3. File the completed withdrawal form at the Admissions Office with a "Withdrawal" card for each class in which they are registered. Failure to file the official "Withdrawal from College" form may result in a failing grade in all classes for which the students are registered.

Students who are unable to withdraw personally because of illness or employment must notify the Counselor's Office in writing and request that they be officially withdrawn. Telephone requests not followed by written notification are insufficient for complete withdrawal.

Students may not withdraw during the week of final examinations.

Grade Key	*Grade points per semester hour*
A—Excellent	4
B—Good	3
C—Average	2
D—Unsatisfactory	1
F—Failure	0
X—Incomplete	Not computed in grade point average.
W—Withdrawn	
N—Audit, No Credit	
E—Officially Excused	
P—Credit	
Z—No Credit	

NOTE.—See Scholastic Probation, Suspension.

Incomplete

A mark of "X" is given when a course is incomplete because of illness or other conditions beyond the control of the student. Negligence and indifference are never accepted as reasons for an "incomplete" grade. "Incompletes" must be removed in a manner prescribed by the instructor, not later than the mid-term of the following semester. If the "Incomplete" is not removed, it remains on the record and is given the same consideration as a withdrawal.

Final Examinations

Final examinations are given in each course. Each student must take the examinations in his courses at the scheduled time. A student who misses a final examination for any valid reason will be permitted to make up the examination, within a limit of time not to exceed the middle of the following semester, upon payment of a $3.00 fee through the office of the College accountant. The arrangements for the make-up examination shall be made by the student in consultation with the instructor. The validity of an excuse for absence from a final examination should be established by consultation with the instructor and the Dean of Admissions.

Transcripts

Each student is entitled to one transcript free of charge, but a fee of $1.00 is charged for each additional transcript. A transcript will not be released for the student who is indebted to the College.

The transcripts are issued upon request only. Those students who desire to transfer to other institutions of higher education should request the transcript from the Office of Admissions and Records to be sent directly to the admissions office of the institution they expect to enter.

Dean's Scholastic Honor List

The Dean's Scholastic Honor List consists of all students who have a grade average of 3.500 or better at the end of the semester. Only students registered for 12 or more semester hours are eligible for this honor.

Scholastic Probation, Suspension

To be in good standing at the close of any semester, a student must have a cumulative grade average of 1.600 or better.

Failure to earn the required average automatically places the student on probation.

A student on scholastic probation will be suspended if both his semester grade average and his cumulative grade average fall below 1.600.

A student who has withdrawn from the same required course (English Reading) a second time shall be suspended or be placed on probation for the following semester at the discretion of the administration.

A scholastically suspended student may return on scholastic probation after a minimum of one semester of non-attendance.

Disciplinary Probation, Suspension

An instructor may dismiss a student from a class meeting for disciplinary reasons. This action shall be reported by the instructor to the Dean of the College immediately. The student shall report to the Dean's office before returning to class. Students may also be referred by an instructor for disciplinary action for improper social conduct. Improper conduct, dress, or attitude of a student may result in dismissal from Phoenix College. Only the Dean of the College may suspend students for disciplinary reasons.

Students who are placed on probation, or suspended, or expelled from the college may not participate in any college activity.

GRADUATION

In order to obtain the Associate in Arts degree from Phoenix College, a candidate must:

1. Satisfy entrance requirements as a regular student.
2. File a petition for graduation with the Dean of Admissions not later than March 15. A student eligible for graduation at the end of the first semester must petition for graduation not later than November 15. A penalty of $1.00 is assessed for the late filing of a petition for graduation.
3. Be credited in the Office of Admissions and Records with not less than 64 semester hours. A maximum of 9 semester hours of courses numbered below 100 may be included to meet this requirement. Graduation requirements shall include:

	Semester hours
English EN 101, 102 or the equivalent; however, EN 104 and an English elective of three semester hours may be substituted.	6
Health, physical education, or recreation Two credit hours of Health, Physical Education, or Recreation is a graduation requirement.	2
Social and behavioral sciences Requirement may be met by courses offered in the Social, Cultural, or Behavioral Sciences Departments.	6
Science and quantitative studies Requirement may be met by courses offered in technical, scientific, and/or quantitative studies.	6

PIMA COMMUNITY COLLEGE 1974–75

In order for a withdrawal or a schedule adjustment to be official, it must be processed through the Registrar's Office. All requests for refunds must be made through the Business Office after appropriate action has been taken in the Registrar's Office.

NON-CREDIT COURSE FEE REFUND

No fees will be refunded after the first course meeting.

Grading Policies

Grades earned at Pima Community College are recorded at the end of each semester according to the following system:

A—Superior (4 grade points per credit hour).

B—Good (3 grade points per credit hour).

C—Average (2 grade points per credit hour).

P—Pass (C or better without grade differentiation ordinarily indicated by the college grading system).

I—Incomplete (A record of "Incomplete", as a grade, will be made at the individual's request or at the instructor's option. This grade will be kept on record for one year, after which it will be automatically changed to "NC". A student receiving a grade of "I" will be provided with a standard form, specifying the work necessary for completion of the course.)

NC—No credit (This grade will be given to students who have not completed enough course work to receive an "I".)

W—Withdrawal (This grade may be requested by the student or by the instructor, after he has notified the student personally or by mail, that this action is intended.)

AU—Audit (Persons officially registered may audit courses with the permission of the instructor. No credit will be earned. Requests for audit status must be made before the end of the regular schedule readjustment period of each term.)

Withdrawals

Students may withdraw from a course at any time before the end of the term. However, students who feel they must withdraw from a course should first consult with their instructor or a faculty-counselor.

If, after such consultation, withdrawal still is considered necessary, the student should notify each instructor who would be involved in the decision and the Registrar's Office of his intention. Accurate information on the date and reasons for each withdrawal must be kept by the college as student records are subject to audit by many state and federal agencies which provide financial support.

A withdrawal grade may be requested by the student or the instructor after he has notified the student personally or by mail that this action is intended.

Credit by Examination

Credit by examination can be earned for certain courses listed in the catalog. Such credit is awarded upon satisfactory completion of the College Level Examination Program (CLEP) tests or comprehensive examinations administered by a faculty member in the division in which the course is offered.

The maximum number of credits which may be earned through examination, for any one student, is 30 units. Only registered or previously registered students are eligible to request credit through examination.

Degrees

Pima Community College offers both Associate of Arts and Associate of Science degrees in a variety of subject areas. Certain occupational programs, in addition, offer the student a choice of an Associate of Science or Associate of Applied Science degree. The degree is specified in the program curriculum.

These degrees generally are granted upon the successful completion of a program, usually two years in length, which has been outlined by the college faculty and approved by the Arizona Community College Board. Details of programs offered are listed.

While a minimum of 60 credit hours is required to earn an Associate degree at Pima, it should be noted that the completion of some programs extends beyond the 60-credit hour minimum.

At least 12 semester hours of the total required to qualify for an Associate degree must be earned at Pima Community College.

Diplomas and Certificates

Diplomas and certificates are awarded in many short-term study program areas. These are programs not carrying the two-year (60-credit hour) minimum for the Associate degrees. Diplomas and certificates are granted upon the completion of a prescribed program of studies as described in the respective program curriculums of this catalog.

Summer Session

A three-term summer program is being offered for the summer of 1975 and course offerings will be determined by student demand. The summer session consists of two five-week day terms, and one eight-week day and evening term.

A tuition fee of $12 per credit hour plus a registration charge is applicable during the summer session. (See Fee Schedule.)

UNIVERSITY VETERANS OFFICE, UNIVERSITY OF COLORADO

GUIDELINE FOR VETERANS ENROLLED UNDER THE GI BILL (CHAP. 34)

The University of Colorado Veterans Office is responsible for assisting veterans in matters relating to educational benefits available under various Veterans Programs. The following material was prepared in an attempt to better acquaint the veteran with the procedures for applying for V.A. educational benefits. If you have any questions, please come to our office or give us a call.

I. GI Bill

(A) *Eligibility.*—Active duty for a continuous period of 181 days or more, any part of which occurred after January 31, 1955, or if less than 181 days, the discharge after January 31, 1955, was for a service-connected disability. Military service must be terminated under conditions other than dishonorable.

(B) *Entitlement.*—Each eligible veteran is entitled to 1½ months of educational benefits for each month or fraction of a month served on active duty after January 31, 1955, to a maximum of 36 months;[1] or an individual may receive the maximum 36 months entitlement if he/she has served 18 continuous months on active duty.

The enrollment of the veteran by the University to the V.A. is based on full time student status which requires a minimum of 12 hours for the undergraduate student. Less than full status is: ¾ time—9, 10, 11 hours; ½ time—6, 7, 8 hours. A Special Student is on the same hour requirement basis as the undergraduate. Graduate degree students must take a minimum of 8 hours graduate level work for full status; ¾ time—6, 7 hours; ½ time—4, 5 hours. Special Memo requests for graduate students doing thesis work and making normal progress toward a graduate degree are available at the University Veterans Office.

MONTHLY RATES, G.I. BILL

	No dependents	1 dependent	2 dependents	Each additional dependent
Full time	$270	$321	$366	$22
3 quarter	203	240	275	17
½ time	135	160	182	11

Note: Active duty, or less than ½ time. Tuition cost, not to exceed rate of $260 for full time; $195 for ¾ time, $130 for ½ time or less but more than ¼ time; $65 for ¼ time or less.

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[1] Exception: A veteran eligible for 36 months of entitlement may receive 9 additional months of entitlement if still an *undergraduate* student.

(C) Veterans discharged *before* June 1, 1966, must complete their educational program prior to June 1, 1976. Veterans discharged *after* June 1, 1966, must complete their educational program within ten years after discharge.

II. Application Procedures

(A) An application for G.I. Benefits (VA Form 22-1990) may be obtained at the University Veterans Office or any Veterans Administration Office.

An individual on active duty who has previously applied for *any* veterans benefits (correspondence, prep program, university courses, etc.) must be sure to mention all such applications to minimize any delay in establishing your V.A. file.

If you have a V.A. claim number from any previous V.A. contact (example: dental, medical, disability), it is essential to use that number on your educational benefits application.

(B) Applicant must complete the application and attach a copy of his DD Form 214 (separation paper). If the veteran has been admitted to the University or admission is imminent, the University Veterans Office will send the application, DD Form 214, enrollment with the number of semester hours, and other required information to the V.A. Regional Office in Denver for processing in order for the veteran to receive the appropriate monthly payment.

(C) The application requests information about dependents. However, if you or your spouse have had more than one marriage, a copy of your *marriage certificate* and children's *birth certificate(s)* is required.

(D) *Time:* Providing the application and other necessary papers are in order, the V.A. takes approximately a month to process each claim. Thus, it is important to complete the necessary papers with our office well in advance of each university term.

(E) The University Veterans Office and the University are in *no way* involved in determining whether an applicant is eligible for veterans benefits. Likewise, the Veterans Administration is not involved in your application or acceptance to the University.

(F) *Admission—Apply Early:* The Colorado Commission on Higher Education placed a ceiling on the enrollment at the University of Colorado Boulder Campus. It is necessary to apply early before the QUOTAS are filled. While Veterans are given special consideration for admission, this policy does not help if the QUOTA has been reached.

III. Requirements for Payment:

At each registration the veteran is required to furnish the University Veterans Office with his/her schedule of courses. Allowances vary according to workload and number of dependents. If a student drops a course or courses during the semester which would reduce his/her workload, it should be promptly reported to the University Veterans Office in order to minimize any possible overpayment difficulties with the V.A.

IV. Method of Payment

(A) The veteran is paid monthly in advance by government check which usually arrives between the 1*st* and 5*th* of the month. It is the student's responsibility to pay his/her own tuition, fees, and expenses. It is essential to have a correct, up-to-date mailing address for your check. The University Veterans Office has a special yellow V.A. change of address form. Many problems result when veterans rely entirely on the Post Office to forward mail. When you change your address, we emphasize the use of the V.A. form from the University Office as well as a forwarding card from the Post Office.

(B) When one ceases to be a student due to withdrawal, failure to re-enroll for the next semester or summer session, the veteran is not eligible for V.A. educational benefits.

(C) Application for V. A. educational benefits takes time to be processed, so veterans are advised to complete the necessary paper work with the University Veterans Office a month or two prior to the start of the semester. An *Advance Payment* check is requested for those who apply early and often the University Veterans Office will receive the veteran's Advance Payment check by the start of the semester. Veterans who have applied early should contact the University Veterans Office at the start of the semester to see if their check has been received. *Only* the Advanced Payment check comes to the University Veterans Office, all others are mailed to the veteran's mailing address.

V. Colorado Tuition Assistance

A veteran eligible for G.I. Benefits who entered the service from Colorado and served on active duty between August 5, 1964, to August 5, 1973, and is a resident of Colorado for tuition purposes is probably eligible for some state tuition assistance. A copy of your DD Form 214 is required with your application. The application may be obtained at the University Veterans Office.

VI. Procedures for Reporting Changes

Any changes in a veteran's address, course load, marital status, family size, etc., should be reported to the University Veterans Office. A current, correct address is essential for receipt of your check. *Promptness is emphasized* for any of the above changes. Note: A decrease in your course load which would change your monthly payment to ¾ or ½ time, accordingly reduces the charge against your months of entitlement. Example, a student on ½ time expends only ½ months entitlement for each month of enrollment.

VII. Tutorial Assistance

This program may assist veterans who are enrolled under the G.I. Bill as at least a half time student. Eligible veterans *do not* need to be failing to receive tutoring assistance. Tutoring benefits may be used up to $60 per month. Total maximum for the program is $720. Benefits for tutoring are paid separately by the V.A. and are not deducted from the monthly educational benefit check. Veterans are strongly encouraged to use this program. Contact the University Veterans Office for further information.

VIII. Work Study

A veteran is required to be enrolled as a *full time* student to be eligible for V.A. work study which pays $2.50 per hour. The work must be in the area of *Veterans Services* which limits the number of jobs and places to work. Inquiries should be directed to the University Veterans Office.

IX. Veterans Educational loan

Is a loan program based on need. Current interest is 8%. The limit is $300 per semester plus $200 for a 10 week summer term. 3% is deducted from the principal amount to provide a reserve for defaults. The full principal must be repaid beginning 9 months after the student fails to carry for credit at least a one-half time course load. General eligibility requirements are: (1) be enrolled for at least one-half load on a degree program; and (2) cannot qualify for a Guaranteed Student Loan or has been turned down by lenders.

X. A Veterans Representative (Vet Rep)

Is located adjacent to the University Veterans Offices. This person is employed by the Veterans Administration and can assist veterans with questions about a variety of benefits which are not necessarily University related.

XI. Counseling

Free counseling is available to veterans and eligible dependents. Assistance may be obtained in career advisement, personal counseling, and crystallizing educational-vocational objectives.

XII. Residency

Is a most difficult problem and is defined by legislative statutes. Unless the veteran is certain that he or she is definitely a Colorado resident for tuition purposes, you should write to the Tuition Classification Officer, Admissions and Records Office, Regent Hall 125, University of Colorado, Boulder, Colorado 80302, for information and/or an application for resident tuition status.

XIII. Personal File

Each veteran student is encouraged to keep a personal file of all information pertaining to his enrollment under the G.I. Bill. Special emphasis is directed toward maintaining in your file the Award Letters which are sent directly to you from the V.A. following any change in your enrollment period. This Letter indicates your monthly payments for the enrollment period and your entitlement months remaining *after* completion of the current enrollment.

XIV. Information and Assistance

During working hours, the Denver Regional V.A. Center maintains a veteran's information service for questions concerning veterans benefits. Their telephone number is 233-6300. Also, the University Veterans Office, 259 Willard Administrative Center, 492-7322, is always happy to answer your questions concerning educational benefits on the University of Colorado, Boulder Campus. Our hours are 8 to 12 and 1 to 5 Monday through Friday except in the summer when office hours are 7:30 to 12 and 1 to 4:30.

XV. Academic Progress

V.A. Regulation 14277 states, in part, the following:

"Entitlement to a program of education is subject to the requirement that the veteran . . . continues to maintain satisfactory conduct and progress. . . ."

Academic requirements for admission are stated in the General Information Section of the University of Colorado Bulletins. *Undergraduates* are required to have a minimum grade average of "C" or better to graduate. "C" is equivalent to a 2.00 point average on a 4.00 point scale. Each school and college within the University has suspension rules that basically require maintaining a 2.00 point average.

Mr. EDGAR. My fifth question is, is it possible for us to have the copies of all the forms that the Veterans' Administration uses in its GI educational program, which relates to the universities, for compliance, a copy just of what kinds of forms do you use, what do you use when you go out for a compliance survey?

Mr. WILSON. We can do that.

Mr. EDGAR. It would be helpful to see those.

Also, is there in any one place, in a book, or in a pamphlet, a copy of all the rules and regulations which the Veterans' Administration has developed, in order to carry out the provisions of the law in regard to the GI educational benefit?

Mr. WILSON. There would be a series of bulletins, circulars, and regulations, Mr. Edgar.

They also may have amendments attached to them many times, where we have to clarify what may have been misunderstood, either because of the way we wrote it, or the way it was read. These are used by our people around the country, and by educational institutions.

[The requested data follows:]

NAME AND ADDRESS OF SCHOOL OR ESTABLISHMENT

CODE

DATES OF SURVEYS	
1.	4.
2.	5.
3.	6.

TYPE OF FACILITY
- ☐ IHL DEGREE
- ☐ NON DEGREE
- ☐ BCL
- ☐ JOB ESTAB

TYPE OF BCL COURSE
- ☐ OTHER RESIDENT
- ☐ CORRESP
- ☐ FLIGHT

TYPE OF COURSE
- ☐ ACCREDITED
- ☐ NON-ACCREDITED
- ☐ APPRENTICE
- ☐ OTHER OJT

ACTION		DATES OF ACTION					
SURVEY BY							
REPORT SUBMITTED							
REVIEWED BY ADJ. OFFICER OR DESIGNEE							
NO ACTION NECESSARY ON REPORT							
AWARD ACTION							
LETTER TO SCHOOL OR ESTABLISHMENT							
REFERRED TO CHIEF ATTORNEY							
REFERRED TO STATE APPROVING AGENCY							
REFERRED TO F AND D P							
REFERRED TO COMM. ON EDUC. ALLOW.							
OTHER (Specify)							
REPLY RECEIVED FROM							
SCHOOL OR ESTABLISHMENT							
CHIEF ATTORNEY							
STATE APPROVING AGENCY							
FINANCE AND DATA PROCESSING							
COMMITTEE ON EDUC. ALLOW.							
OTHER (Specify)							
FINAL ACTION COMPLETED							

VA FORM JAN 1972 **22-1925** SUPERSEDES VA FORM 21E-1925, NOV 1967 WHICH WILL NOT BE USED.

RECORD OF COMPLIANCE SURVEYS

ITEM NO.	1				2				3				4				5				6			
	CH 34		CH 35		CH 34		CH 35		CH 34		CH 35		CH 34		CH 35		CH 34		CH 35		CH 34		CH 35	
	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION	FOUND	ACTION
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21																								
22																								
23																								
NONE																								

REMARKS

FUTURE SURVEY DATES					

COMPLIANCE SURVEY OF SCHOOLS AND ESTABLISHMENTS FURNISHING EDUCATION AND TRAINING

(CHAPTER 34 OR 35, TITLE 38, U.S. CODE)

REGIONAL OFFICE

DATE OF SURVEY

FROM (?) CODE

NAME AND ADDRESS OF SCHOOL OR ESTABLISHMENT

TYPE OF SCHOOL OR ESTABLISHMENT
☐ INSTITUTION OF HIGHER LEARNING
☐ BELOW COLLEGE LEVEL
☐ APPRENTICE OR OTHER OJT

PROFIT STATUS
☐ PUBLIC
☐ PROPRIETARY PROFIT
☐ PROPRIETARY NONPROFIT

TYPE OF SCHOOL COURSE
☐ ACCREDITED
☐ NON-ACCREDITED
☐ APPROVED
☐ OTHER

REASON FOR SURVEY
☐ REGULAR
☐ SPECIAL

NAMES AND TITLES OF OFFICIALS CONTACTED

PERIOD COVERED BY SURVEY

SURVEY TIME	
PREPARATION	
TRAVEL	
AT SCHOOL OR ESTAB.	
PREPARING REPORT	
TOTAL	

STUDENT ENROLLMENT	
CHAPTER 31	
CHAPTER 34	
CHAPTER 35	
OTHERS	
TOTAL	

NUMBER OF CASES CHECKED	
CHAPTER 34	
CHAPTER 35	

AREAS OF INQUIRY		Check (✓) proper columns			
		FINDINGS		CHAPTER	
SCHOOLS AND TRAINING ESTABLISHMENTS, INCLUDING FLIGHT SCHOOLS		YES	NO	34	35
1. STUDENTS OR JOB TRAINEES ARE PURSUING THE COURSE AND HOURS AS CERTIFIED					
2. STUDENTS OR JOB TRAINEES COMMENCED THE COURSE ON THE DATE CERTIFIED					
THE SCHOOL OR ESTABLISHMENT MAINTAINS ACCURATE CURRENT AND COMPLETE RECORDS OF	3. ATTENDANCE OR FLIGHT TRAINING				
	4. PROGRESS OR GRADES				
THE SCHOOL OR ESTABLISHMENT PROMPTLY NOTIFIED THE VA WHEN STUDENTS OR JOB TRAINEES	5. TERMINATED OR INTERRUPTED TRAINING				
	6. CEASED TO MEET THE SCHOOL'S POLICY FOR ATTENDANCE OR AVERAGE NUMBER OF FLIGHT TRAINING HOURS				
	7. CEASED TO MAINTAIN SATISFACTORY PROGRESS				
	8. CEASED TO MAINTAIN SATISFACTORY CONDUCT				
9. THE SCHOOL OR ESTABLISHMENT ACCURATELY REPORTED ABSENCES, FLIGHT TRAINING HOURS, OR NUMBER OF HOURS WORKED MONTHLY ON CERTIFICATIONS					
SCHOOLS ONLY					
10. THE SCHOOL NOTIFIED THE VA OF CHANGES IN CLOCK HOURS THAT WOULD AFFECT THE AMOUNT OF PAYMENT TO THE STUDENT OR THE RATE AT WHICH ENTITLEMENT IS CHARGED					
11. ENROLLMENTS WERE WITHIN THE LIMITATIONS ESTABLISHED BY THE STATE APPROVING AGENCY					
12. COMPLIANCE WITH THE 85-15 RATIO REQUIREMENT WAS SUBSTANTIATED BY SCHOOL RECORDS AND INTERVIEWS WITH VETERAN AND NON-VETERAN STUDENTS					▨
13. THE SCHOOL HAS A RECORD OF PREVIOUS EDUCATION OR TRAINING OF STUDENTS AND HAS GRANTED APPROPRIATE CREDIT					
14. STUDENTS WERE FURNISHED A COPY OF THE COURSE OUTLINE, SCHEDULE OF TUITION, FEES, AND OTHER CHARGES, AND REGULATIONS PERTAINING TO ABSENCES, GRADING POLICY, CONDUCT AND RULES OF OPERATION					

VA FORM MAR 1974 **22 1934**

SUPERSEDES VA FORM 22-1934, [illegible] WHICH WILL NOT BE USED.

827083

AREAS OF INQUIRY (Continued)	Check (✓) proper column			
	FINDINGS		CHAPTER	
SCHOOLS ONLY (Continued)	YES	NO	34	35
15. CHARGES TO ELIGIBLE STUDENTS FOR TUITION AND FEES WERE THE SAME OR LESS THAN THE ESTABLISHED CHARGES TO OTHER STUDENTS SIMILARLY CIRCUMSTANCED				
16. CHARGES (tuition and fees) TO SERVICEMEN AND VETERANS TRAINING LESS THAN ONE-HALF TIME OR IN FLIGHT TRAINING WERE THE SAME AS CERTIFIED BY THE SCHOOLS ON THE ENROLLMENT CERTIFICATIONS				
17. THE SCHOOL'S REFUND POLICY MEETS THE REQUIREMENTS OF VA REGULATIONS				
18. VETERANS ENROLLED IN FARM COOPERATIVE COURSES WERE SUITABLY EMPLOYED IN RELEVANT AGRICULTURAL EMPLOYMENT				
TRAINING ESTABLISHMENTS				
19. VETERANS WERE RECEIVING TRAINING IN ACCORDANCE WITH THE APPROVED TRAINING PROGRAMS				
20. VETERANS WERE FURNISHED AT THE TIME OF ENROLLMENT WITH A SIGNED COPY OF THE TRAINING AGREEMENT, INCLUDING THE TRAINING PROGRAM AND WAGE SCHEDULE AS APPROVED BY THE STATE APPROVING AGENCY				
21. VETERANS WERE RECEIVING WAGES AT THE APPROPRIATE RATE SHOWN IN THE APPROVED TRAINING PROGRAM				
FLIGHT SCHOOLS				
22. THE SCHOOL REQUIRES COPIES OF APPROPRIATE MEDICAL CERTIFICATES AND PRIVATE PILOT LICENSES BEFORE ACCEPTING VETERANS FOR ENROLLMENT				
23. THE SCHOOL REQUIRES VETERANS AND SERVICEMEN TO RENEW EXPIRED MEDICAL CERTIFICATES BEFORE CONTINUING TRAINING				
GENERAL - SCHOOLS AND TRAINING ESTABLISHMENTS				
24. THE SCHOOL OR ESTABLISHMENT AND STUDENTS OR JOB TRAINEES HAVE MET AND ARE COMPLYING WITH ALL OTHER APPLICABLE PROVISIONS OF THE LAW				
25. THE SCHOOL OR ESTABLISHMENT HAS CORRECTED AND NOT REPEATED ANY DISCREPANCY FOUND ON A PRIOR SURVEY				

26. RECOMMENDATION (Regarding need for additional surveys during remainder of fiscal year)

27A. DATE REPORT SUBMITTED	27B. SIGNATURE OF ADJUDICATOR
28A. DATE REPORT REVIEWED	28B. SIGNATURE OF ADJUDICATION OFFICER OR DESIGNEE

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE	OBJECTIVE CODE	FILE NO.	PROJECT NO.
NAME OF STUDENT OR TRAINEE	NO. FOLDER JOBS	CHAPTER	PERIOD COVERED BY SURVEY
NAME AND ADDRESS OF FACILITY			

		RESIDENCE RATE CORRESPONDENCE CHARGE PER LESSON FLIGHT (TOTAL COST)	EFFECTIVE DATE	COURSE CODE	TYPE TNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS CORRESPONDENCE: LESSONS SERVICED	RESIDENCE TRAINING: CHGS LESS THAN ½ TIME CORRESPONDENCE: TOTAL AMOUNT FLIGHT TRAINING: HOURS TO DATE	RESIDENCE TRAINING: ENDING DATE CORRESPONDENCE: LAST DATE FLIGHT TRAINING: LAST DATE	REASON
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES (NONCOLLEGE DEGREE) OR UNITS OF PAYMENT (APP/OJT)

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22-1936a
FEB 1976

EXISTING STOCKS OF VA FORM 22-1936a
[illegible] WILL BE USED

COMPLIANCE SURVEY WORKSHEET (Cont'd)

LINE NO.	ITEMS	FINDINGS	
		YES	NO
	ALL FACILITIES		
1	Did student commence course on date certified?		
2	Are accurate, current and complete records of attendance, correspondence lessons serviced, flight training or APP/OJT hours worked maintained for student?		
3	Were absences, lessons serviced, flight training hours or APP/OJT hours worked accurately reported?		
4	Are accurate, current and complete records of progress or grades maintained for student?		
5	Was VA promptly notified in case of unsatisfactory conduct or progress (includes failure to meet school's minimum attendance standards)?		
6	Was VA promptly notified in case of interruption or termination of training?		
	ALL SCHOOLS (Including correspondence and flight)		
7	Is written record of previous education and training maintained and was student given appropriate credit?		
8	Were charges to this student the same or less than the charges non-VA students?		
9	Was VA promptly notified of any changes in credit or clock hours that would affect the amount of payment to the student (not applicable to flight; may apply to resident part of correspondence training)?		
10	Was the 85-15% ratio requirement met at the time of this student's enrollment? (Applicable to accredited and nonaccredited proprietary noncollege degree courses under Chapter 34.)		
	THE FOLLOWING APPLY TO NONACCREDITED COURSES, ONLY, UNLESS PART OF THE APPROVAL CRITERIA FOR AN ACCREDITED COURSE (Or, unless otherwise noted)		
11	Was student furnished a copy of the course outline, schedule of tuition, fees, and other charges, and regulations pertaining to attendance, grading policy, conduct and rules of operation?		
12	Was this student's enrollment within the limitation established by the State approving agency?		
13	If interrupted, did student receive a refund that meets the requirements of VA regulations? (Applies to both accredited and nonaccredited correspondence courses.)		
	FARM COOPERATIVE		
14	Is student concurrently engaged in relevant agricultural employment?		
	CORRESPONDENCE SCHOOL **(Chap. 34 and Chap. 35 Spouses, Widows and Widowers)**		
15	Did student affirm the enrollment agreement after the expiration of 10 full days after the day on which the agreement was signed?		
16	Were supplies, if part of the approved course, furnished to student?		
	FLIGHT SCHOOL (Chap. 34, ONLY)		
17	Did veteran have a private pilot's license or flight training before enrollment?		
18	Did veteran have a medical certificate of the appropriate class before and during enrollment?		
	TRAINING ESTABLISHMENT		
19	Was trainee furnished a signed copy of the training agreement?		
20	Is trainee receiving training in accordance with the approved training program?		
21	Is trainee receiving wages at the appropriate rate as shown in the approved training program?		

APPROVAL INFORMATION - ACCREDITED COURSES IN INSTITUTIONS OF HIGHER LEARNING

(Under Chapter 36, Title 38 U.S. Code)

NAME AND ADDRESS OF INSTITUTION

SCHOOL CODE ☐☐☐☐☐☐☐☐

TYPE OF INSTITUTION

☐ PUBLIC ☐ PROPRIETARY NONPROFIT ☐ PROPRIETARY PROFIT

EFFECTIVE DATE OF APPROVAL UNDER VAR 14

The courses and curricula listed below are accredited undergraduate courses recognized on a credit hour basis and/or accredited graduate or advanced professional courses. The courses are described on the inclusive pages of the indicated catalogs.

COURSE, CURRICULA, COLLEGE OR DIVISION	PAGES		CATALOG TITLE
	FROM	TO	

COURSES INCLUDED IN THE REFERENCED CATALOGS THAT ARE:

☐ APPROVED ON A NON-ACCREDITED BASIS OR ARE NON-COLLEGE DEGREE COURSES ARE LISTED ON A SEPARATE VA FORM 22-1998

☐ NOT APPROVED FOR TRAINING UNDER CHAPTER 34 OR 35, TITLE 38 U.S. CODE LISTED BELOW.

COURSE TITLE	PAGE REF.	CATALOG TITLE

REMARKS

SIGNATURE OF

DATE

VA FORM 22-1998a

Form Approved
OMB No. 76-R0314

VETERANS ADMINISTRATION

MONTHLY REPORT ON NUMBER OF INSPECTION, APPROVAL, AND SUPERVISORY VISITS TO SCHOOLS AND TRAINING ESTABLISHMENTS FURNISHING COURSES OF EDUCATION AND TRAINING UNDER CHAPTER 36, TITLE 38, U.S.C.

REPORTS CONTROL SYMBOL 22C-2

REPORT FOR MONTH AND YEAR

STATE

CONTRACT NO.
V1003V-

LINE NO.	ITEM (A)	TYPE OF SCHOOL OR ESTABLISHMENT							
		INSTITUTIONS OF HIGHER LEARNING		SCHOOLS BELOW COLLEGE LEVEL (INCLUDING HIGH AND ELEMENTARY SCHOOLS)		APPRENTICESHIP		OTHER ON THE-JOB	
		(B) MO.	(C) FYTD	(D) MO.	(E) FYTD	(F) MO.	(G) FYTD	(H) MO.	(I) FYTD
SECTION I - NUMBER OF ACTIVE SCHOOLS AND ESTABLISHMENTS WITH APPROVED COURSE(S)									
1	ACTIVE END OF MONTH								
2	ACTIVE BRANCH LOCATIONS								
SECTION II - APPLICATIONS FOR APPROVAL OF NEW OR REVISED COURSES									
3	APPLICATIONS RECEIVED DURING MONTH								
4	APPLICATIONS APPROVED DURING MONTH								
5	APPLICATIONS DISAPPROVED DURING MONTH								
SECTION III - INSPECTION, APPROVAL AND SUPERVISORY VISITS									
6	INSPECTION VISITS MADE THIS MONTH FOR NEW OR REVISED APPROVAL								
7	SUPERVISORY VISITS MADE THIS MONTH								
8	VISITS MADE THIS MONTH AT REQUEST OF VA								
9	TOTAL VISITS THIS MONTH (Sum of lines 6 thru 8)								

SECTION IV - NUMBER OF MAN-MONTHS USED

	TYPE OF EMPLOYEES (A)	THIS MONTH (B)	CUMULATIVE FY To date (C)
10	STAFF		
11	CLERICAL		

SECTION V - JOBS FOR VETERANS PROMOTION PROGRAMS (Not included above)

12	JFV PROMOTION VISITS (Not included in line 9)		
13	VISITS MADE ON VA REFERRAL FOR OJT APPROVAL (Not to greater than line 14)		
14	OJT APPROVALS COMPLETED		

REMARKS

STATE APPROVING AGENCY

SIGNATURE OF AUTHORIZED OFFICIAL

VA FORM
OCT 1972 **22-7398**

EXISTING STOCKS OF VA FORM 21-7398, JULY 1971, WILL BE USED.

INSTRUCTIONS

1 PREPARATION AND DISTRIBUTION

a. This form will be prepared each month by the Agency of the State authorized to approve courses offered by schools and training establishments furnishing education and training to veterans and eligible persons enrolled under Chapters 34 and 35, Title 38 USC, and which Agency has a reimbursement agreement with the Veterans Administration.

b. The report, in duplicate, must be submitted to the Veterans Administration Regional Office Liaison Representative not later than 10 days following the end of the month covered by the report.

c. The Liaison Representative will review the report, forward the original to the Director, Compensation, Pension and Education Service (212B), and retain a copy for the Regional Office file.

2. FORM SUPPLY

Additional copies of this form may be obtained from the Depot Officer, Veterans Administration Forms and Publications Depot, 2625 Shirlington Road, Arlington, Virginia 22206.

3 EXPLANATION OF REPORT

a. Section I. This section will furnish, from most recently available VA report RCS 212-2 or other reliable source, a month-end inventory of the number of institutions of higher learning, schools below the college level (which includes farm cooperative and flight schools), apprenticeship and other on-the-job training establishments, approved by the state to furnish education and training to veterans and eligible persons under Chapters 34 and 35, Title 38, USC. For the purpose of this report any institution listed in the current edition of "Education Directory, Part 3, Higher Education" or Part II of "Accredited Higher Institutions," both publications issued by the U.S. Office of Education, will be classed as an institution of higher learning. All others will be classed as schools below college level. Line 1-exclude branches. Line 2-Report branch locations as defined at time of negotiation for IHL and BCL. Other on-the-job training is any training on-the-job which does not qualify as an apprenticeship course.

b. Section II. This section will furnish information as to the applications received for the approval of new courses and for the modification or revision of courses previously approved and the action taken to dispose of such applications. Fiscal year to date, data cumulative since July 1, are to be reported in columns (c), (e), (g) and (i).

c. Section III. This section will furnish information as to the number of visits made by the State approving Agency to each type of school or training establishment. Fiscal year to date cumulative data since July 1, are to be reported in columns (c), (e), (g), and (i). A visit serving multipurpose of approving additional subjects of a course or revision of a course and supervision will be reported on Line 7 as supervisory.

d. Section IV. This section will reflect the number of man-months expended by staff and supporting clerical employees for the reporting month, and the cumulative total from the first day of the fiscal year through the last day of the reporting month, in the performance of visits or other contract services.

e. JFV Report. A monthly report of activities carried on in conjunction with promoting jobs and training for veterans will be shown as items 12, 13 and 14.

Form Approved
OMB No. 76-R0610

VETERANS ADMINISTRATION

TRAINEE INTERVIEW SHEET

1. NAME OF TRAINEE

2. VA FILE NUMBER
C-

SECTION I – ALL FACILITIES

3. WHAT COURSE ARE YOU TAKING?

4. WHO ARE YOUR INSTRUCTORS IN EACH SUBJECT (JOB OPERATION)?

5. WHAT ARE THE NAMES OF SOME NON-VETERAN STUDENTS (TRAINEES)?

6. TO WHAT ADDRESS IS YOUR CHECK MAILED?

7. IF CHECK IS MAILED TO SCHOOL (ESTABLISHMENT)

A. WHY?

B. IS IT DELIVERED TO YOU UNOPENED? ☐ YES ☐ NO

C. DO YOU ENDORSE AND CASH IT YOURSELF? ☐ YES ☐ NO

8A. ARE YOU HAVING ANY TROUBLE WITH VA BENEFITS?

8B. IS YOUR CHECK IN THE CORRECT AMOUNT?

8C. DO YOU RECEIVE YOUR CHECK ON TIME?

9. DO YOU HAVE ANY COMPLAINT ABOUT THE SCHOOL (ESTABLISHMENT)?

SECTION II – SCHOOLS ONLY

10. WHAT TUITION RATES DO YOU PAY?

11. HOW MUCH DO NON-VETERAN STUDENTS PAY?

12A. WHEN DO YOU SIGN THE MONTHLY CERTIFICATION FORM?

12B. WHEN YOU SIGN THE FORM IS IT ☐ BLANK ☐ COMPLETED

13. HAVE YOU BEEN GIVEN A COPY OF THE SCHOOL BULLETIN? ☐ YES ☐ NO

14. ARE THERE ANY RULES NOT IN THE BULLETIN? ☐ YES ☐ NO (If "Yes," indicate how you were advised)

SECTION III – BCL SCHOOLS ONLY

15A. HAVE YOU HAD ANY PREVIOUS TRAINING IN THIS COURSE? ☐ YES ☐ NO (If "Yes," complete Item 15B)

15B. DESCRIBE PREVIOUS TRAINING IN THIS COURSE

16A. ARE YOU OR HAVE YOU BEEN EMPLOYED? ☐ YES ☐ NO (If "Yes," complete Items 16B, C, D and E)

16B. NAME OF EMPLOYER

16C. HOURS OF EMPLOYMENT

16D. NUMBER OF MILES FROM SCHOOL

16E. NAMES OF OTHER STUDENTS EMPLOYED THERE

17. DOES THE SCHOOL ALLOW YOU TO MAKE UP CLASSES MISSED? ☐ YES ☐ NO (If "Yes," indicate when)

18. WHEN AND HOW IS CLASS ROLL TAKEN?

19. HOW ARE BREAK PERIODS ARRANGED?

20. ARE YOU PERMITTED TO LEAVE CLASS EARLY? ☐ YES ☐ NO (If "Yes," give details)

21. DO YOU BELIEVE YOU ARE RECEIVING GOOD INSTRUCTIONS? ☐ YES ☐ NO

22A. DO YOU EXPECT TO BE EMPLOYED IN THE FIELD FOR WHICH YOU ARE TRAINING? ☐ YES ☐ NO

22B. HAVE YOU MADE ANY INQUIRIES ABOUT JOB OPPORTUNITIES? ☐ YES ☐ NO

23. ARE YOU A MEMBER OF ANY MILITARY RESERVE OR NATIONAL GUARD UNIT? ☐ YES ☐ NO (If "Yes," indicate when, where and what hours you attend meetings)

SECTION IV – BCL SCHOOLS AND OJT (EXCEPT FLIGHT)

24. WHAT IS YOUR SCHEDULE OF ATTENDANCE (TRAINING)?

A. DAYS

B. HOURS

25. HAVE YOU CHANGED YOUR SCHEDULE SINCE BEGINNING TRAINING? ☐ YES ☐ NO (If "Yes," give details)

26A. HAVE YOU HAD ANY EXTENDED PERIOD OF ABSENCE? ☐ YES ☐ NO (If "Yes," complete Item 26B)

26B. PERIOD OF ABSENCE (Dates)

27A. HAVE YOU HAD A VACATION SINCE ENROLLMENT? ☐ YES ☐ NO (If "Yes," complete Item 27B)

27B. DATES OF VACATION

VA FORM 21E-8662
FEB 1972

501934

SECTION V - OJT ONLY

[illegible]	[illegible]	[illegible]	
[illegible] ☐ YES ☐ NO	[illegible] ☐ YES ☐ NO	[illegible]	33. [illegible] $ PER

SECTION VI - FLIGHT SCHOOLS ONLY

[illegible]		35. IF ENROLLED IN COMMERCIAL COURSE, HOW MANY HOURS HAD YOU LOGGED BEFORE STARTING THE COMMERCIAL COURSE?	
[illegible] ☐ YES ☐ NO	[illegible]	37A. DOES THE SCHOOL HAVE A GROUND SCHOOL? ☐ YES ☐ NO	37B. HOW DO YOU RECEIVE GROUND TRAINING?
[illegible]		[illegible] ☐ YES ☐ NO	

[illegible]

[illegible]	DATE

CHECK SHEET FOR APPROVALS OF SCHOOLS UNDER VAR 14254
(U.S.C. 38, 1776)

A review of the approval of the __________________________

______________ indicates that the requirements of VAR 14254 (have) (have not) been met.

1. Is the 60 day limitation for application? (VAR 14131A)

   YES_____ NO_____ If so, the effective date of approval is__________________________

2. Has 2 year period of operation been verified? YES_____ NO_____

3. Does the approval contain:

   a. Certified catalog or bulletin showing volume number and date of publication? YES_____ NO_____

   b. Names of the officials, governing body, and faculty? YES_____ NO_____

   c. Calendar showing legal holidays, beginning and ending date of term, quarter or semester, and other important dates? YES_____ NO_____

   d. Policy and regulations on enrollment dates and entrance requirements? YES_____ NO_____

   e. Policy and regulations on leave, absences, class cuts, make-up work, tardiness and interruption for unsatisfactory attendance? YES_____ NO_____

   f. Standards of progress including grading system, conditions for interruption for unsatisfactory grades and statement of progress records kept and furnished the student? YES_____ NO_____

VA FORM 22-8336
JUN 1975

g. Statement of policy for dismissal for unsatisfactory conduct? YES_____ NO_____

h. Schedule of fees, charges for tuition, etc.
YES_____ NO_____

i. Refund policy that meets the law requirements?
YES_____ NO_____

j. Description of space, facilities and equipment?
YES_____ NO_____

k. Course outlines to be furnished eligible persons showing subject, clock hours for each subject, etc.
YES_____ NO_____

l. Policy for granting credit and notifying eligible person? YES_____ NO_____

m. Policy for giving certificate upon completion of course? YES_____ NO_____

n. Enrollment limitations? YES_____ NO_____

o. Does each course approved logically lead to only one recognized and acceptable objective? YES_____ NO_____ Are all courses of reasonable length?
YES_____ NO_____

p. A copy of VA Form 09-8206 was included with the approval?
YES_____ NO_____

DATE

SIGNATURE EDUCATION (LIAISON) SPECIALIST

Mr. EDGAR. Congress has been concerned about the regulators in our Government, because of the laws created, and then the regulations written, and it has been very difficult for us to discover whether the law was bad, or whether the regulations were either written and misunderstood, or not put down in proper fashion.

Mr. WILSON. Very briefly, I would say that the vast majority of our regulations today are reiterations of previous regulations and policies which have existed since the passage of the original GI bill. At one time there were substantial changes in law in respect to the World War II GI bill and our rules reflect these changes.

Mr. EDGAR. A very important question, you did a very fine job in the last couple of pages of your testimony today, giving us a list of changes in the law, which you would like to see made, or suggested possible changes in the law.

The thing that was not in there, which surprised me, was that there was no recommended law changes in the area of prepayment.

Does that mean that the VA does not think that we ought to go back to a time prior to the change in the law, where prepayment was permitted?

Mr. WILSON. Yes, sir, in my previous testimony, I think I said we wanted to give our new regulations, our new procedures, and our new policy a chance to work their will.

In the event as I said to the chairman earlier, in an informal conversation in response to one of his questions, if after fall enrollment, which will be a big normal upsurge in our workload, the situation is not improved, we would have to take another look. But I would have to say that advanced pay, and prepay have had a good effect on a vast number of students. They have been able to go to school, where perhaps otherwise they would have not been able to go. The reason therefore that no recommendations are made in my testimony on advanced pay and prepay is for that reason. We would like to give our new policy a chance to work.

Mr. MOTTL. Thank you, Mr. Edgar, and now we will hear from the gentlewoman from Massachusetts, and the Chair will give her 10 minutes to try to make amends for cutting her off at the last hearing.

Mrs. HECKLER. The Chair is very cooperative.

Mr. Wilson, I have been asked questions about how the Veterans Administration recovers its money.

It is obvious that if a student is an ongoing student, and continues at a college or university, you can credit or debit an account, for that is an accounting procedure.

Is that the case in the vast majority of situations?

What do you do about students who leave schools? How is recovery actually achieved?

Mr. WILSON. Since the beginning of the time that we instituted our automated system, Mrs. Heckler, out in the State of Minnesota, we have had about a 1,100,000 of these kind of accounts.

Some 42.2 percent of the kind of student you mentioned went back to school, and we were able to offset overpayments.

Of the total 5.4 percent of the accounts have been terminated, in terms of collection efforts by us. Those are cases of less than $500, where we think we would be pouring good money after bad, if we made very extensive efforts to either find people or collect from them.

We have not been able to find some of these folks. But when we do find them, we tell them how much money they owe us, what caused the debt, and we ask for the return of the money.

We also, at a point in time, tell the people that they can apply for a waiver or a compromise, and we tell them they can make installment payments.

Mrs. **Heckler.** You have 42 percent, and you can debit their accounts, is that correct?

Mr. **Wilson.** No; those are people who have been terminated, and then reenrolled.

Mrs. **Heckler.** But do you use this bookkeeping device to recover money?

Mr. **Wilson.** Yes.

Mrs. **Heckler.** Eleven percent repay the funds in cash payment.

Mr. **Wilson.** Yes.

Mrs. **Heckler.** Five percent are terminated collections?

Mr. **Wilson.** That is correct.

Mrs. **Heckler.** And what about the rest?

Mr. **Wilson.** The rest is in the process, hopefully, of being collected through our system in Minneapolis.

We have some 200 people out there involved solely in this endeavor.

Mrs. **Heckler.** Now, I am sure you are familiar with the House Appropriations report on overpayment, which states that beginning in April, the VA will update data in a centralized accounts system, six times a month rather than once a year.

Has the VA put this plan into operation?

Mr. **Wilson.** No; it will not now be until the middle of May, or the 1st of June.

This is because we have an independent contractor who is programing our computers. The contractor has been in some default.

Mrs. **Heckler.** Because the program is necessary to insert the necessary data.

Mr. **Wilson.** That is the problem, as I understand it.

Mrs. **Heckler.** On page 4 of your testimony, you say the Justice Department is considering filing criminal charges against officials of a beauty academy in Puerto Rico.

In this case, it was ascertained that students were also not required to attend class. Upon investigations, the VA determined that the school kept virtually no attendance records. Just before the VA suspended enrollment in January 1976 there were 1,417 veterans in receipt of VA benefits at the school.

Page 15 of the House Appropriations Committee report cites a problem case recently brought to light in Puerto Rico, a case involving a barber school in which 1,400 students were involved. School records were incomplete, and the school was not keeping track of the number of training hours.

Is this the same school you refer to? If it is, then the House report adds that the investigative staff alleged a VA compliance survey had been conducted on this school only 3 months earlier, and no discrepancies had been found.

Is this the same school?

Mr. **Wilson.** It is the same school, Mrs. Heckler, and unfortunately, the statement that you just read is absolutely correct.

The compliance survey was done. It obviously was not a good one. It obviously did not do what it was intended to do. It obviously was faulty, and it should not have happened.

Mrs. **Heckler.** Do you have any reason to believe that the compliance survey system has been tightened up, that the teams are better qualified, so that a reoccurrence of an incredible situation like this would not occur?

Mr. **Wilson.** I do not have any question but that is a true statement. We had a similar situation out in Chicago. We tightened up our procedures at that time, hopefully to make sure that kind of situation would not be reoccuring.

I regret to tell you that it did reoccur. It should not have happened.

Mrs. **Heckler.** I hope you fired the compliance survey team.

Again, the House Appropriations Subcommittee report says that on December 1, 1975, the Office of Management and Budget authorized 600 new positions for the Veterans' Administration, primarily on the strength of the VA's presentation about the difficulty it was having with surveyance of 17,000 schools.

Only 40 of these positions have been allotted to compliance survey.

I would like to know how many full-time staff are now on the compliance survey team.

Mr. **Wilson.** I would like to submit those figures for the record. My memory of the statement and of that investigative report is that it is incorrect, either because information was not properly given to them, or that it was improperly interpreted by them.

There were more than that number of people who have been placed in the compliance survey activity. We have almost doubled the full time staff of this function.

My memory is it is from some 200 people to some 400 people, and we have about doubled the half-time staff, but I would like to put the official statement in the record.

[There are 176 full-time staff on the compliance survey team—as of the end of March 1976.]

Mr. **Mottl.** Without objection, it will be inserted in the proper place.

Mrs. **Heckler.** The House Appropriations Committee also states that the loyalty of the State approval agency employees usually lies with the State.

In view of this, do you believe the Veterans' Administration would not be better off if it took over the approval operation?

Mr. **Wilson.** I do not think we ought to take over the State approval function. There is a long legislative history as to why it is that they do what they do.

That history is probably in this committee file, much more than it is in our files. We pay the State approval agencies to do what they do and they are under contract to us. Certainly their employees have a loyalty to their employer. I think that is normal.

For the most part, we think, however, that they have been doing a good job. We think that in the future they will be doing a better job. We think it would be an intrusion by the Veterans' Administration into all of academia, for the Veterans' Administration to be the functional approval body.

I would think the current State approval system would be a lot better than Federal administration.

Mrs. HECKLER. On page 11 of your statement, you stated, schools are becoming aware that we mean to enforce the provisions of law and regulation which could sharply reduce the overpayments which previously existed.

Does this mean that you have been weak in enforcing the law?

Mr. WILSON. The fact is that we have seldom imposed liability against institutions of higher learning.

The law always said there was an indebtedness to be established in the event a school was lax, or in the event that a school made improper certifications.

The fact is we did not enforce that provision of the law very much, if at all. The fact is that we are now trying to do it. The fact is that the schools are also now very aware of the fact we are going to do it.

I need to emphasize that this was always in the law, and the liability has always existed since 1966.

Mrs. HECKLER. As you are undoubtedly aware, Mr. Teague, the former distinguished chairman of this committee, opposed the Veterans' Administration for a long time with regard to extension of the program because of the scandals associated with the benefits since World War II. He happened to have been a part of the investigating subcommittee of this body, and the evidence revealed—the discovery was so shocking—that he felt the system could never be made honest. That was one of the reasons he was hesitant to support further legislation after the Vietnam era for the Vietnam veterans.

In view of that past history, which the Veterans' Administration must know, couldn't the VA have noticed that a system like this is susceptible to being manipulated, and, therefore, should be tightly enforced? Are you aware of the investigation?

Mr. WILSON. Yes, ma'am, that House Select Committee that investigated the GI bill following World War II, made a very extensive investigation. The staff director of this committee was, as I recall, the then staff director of that particular committee. It made recommendations, which resulted in the current law as compared to the old law. It was one of the best investigation reports that I ever read. It put the Veterans' Administration on notice of certain kinds of abuses and its recommendations resulted in the passage of the Korean GI bill. The current bill is patterned to a great degree after the Korean bill.

The kind of things that were primarily pointed out in that report, as I recall, were not concerned with institutions of higher learning, although there were some comments in respect to them. The compliance survey activity, and procedures related to them were primarily concerned with institutions below the degree granting level.

I may be incorrect on that, but I believe that prepayment, advance pay, and the policies of certain schools which have come into existence over the last few years, were not remotely contemplated by the House committee to investigate the GI bill.

Mrs. HECKLER. One final question, since I know my time has expired. As you know, the GAO suggested that your compliance survey specialist concentrate on schools with significant overpayments.

Is that a procedure you are going to follow?

Mr. WILSON. Yes.

Mrs. HECKLER. Thank you.

Mr. MOTTL. Thank you, Mrs. Heckler.

We will now hear from my distinguished colleague from South Carolina, Mr. Holland.

Mr. HOLLAND. Thank you very much, Mr. Chairman.

Mr. Wilson, I came into the room just as you mentioned Friendship College in Rockville, S.C. That is a constituent school of mine, so you caught my attention right away.

Mr. WILSON. I did not do it for that purpose.

Mr. HOLLAND. I am sure you did not.

I am depressed about the content of your testimony today. It hits me like bad news. I know Friendship College, I know it is underfunded. I know it operates largely with money from the Methodist Church in a community where it is about the only opportunity for black students coming from extremely poor families.

It has done a wonderful job, and when you mentioned the abuses there, I am familiar with the situation, and it seems to me a lack on the part of the Veterans' Administration that caused those abuses to be possible.

You could take the University of South Carolina, with its sophisticated computer equipment, and its well-trained personnel, and you can rely on accurate application of the law and of your regulations.

It seems to me down there somebody in the Veterans' Administration did not do what they should have done, but which has resulted in the abuses that occur in small colleges in the South, simply to keep students long enough to give them an opportunity to break the poverty cycle through the device of education, and I wager with you now, that those abuses occurred by a failure of the VA to work with the college officials, who came out of an educational system which was inadequate, and I am not being critical, I am being realistic, of administrators who were not as sophisticated in their background, as you find in the bigger universities, so it seems to me we have enough laws to make it clear here.

The spirit of the law is clear, and it seems to me that those abuses could have been avoided, and should have been avoided, by simply working with the college which has had the problem of overpayment, and by reason of their backgrounds, some of these students were outright going ahead with legal abuses, but it seems to me that there is some preventive action that is necessary here, and I do not know anything about the other colleges, but I would wager also that there are similar circumstances in the nature of the student bodies, and of the faculties, and of the administrators in those colleges.

What I am going to ask you is, why is the Veterans' Administration, why it did not discharge its obligations to provide direct guidance in order to avoid abuses, instead of waiting for spectacular scandals to erupt, and then rush in and prosecute the people.

Mr. WILSON. Sir, the particular abuse to which I referred in respect to that school is with regard to the tutorial system, which is a comparatively new benefit.

It is a benefit given to a person having difficulty passing his courses. The situation in that particular school was not caused by the Veterans' Administration. It was caused by certification to the Veterans' Administration, by individual tutors, and by individual students, who were supposedly being tutored, that they received a certain benefit which never really existed.

People certified that they gave the tutoring, and they did not give it. They certified that they gave individual student individual sessions. They did not.

To the extent that tutoring was given, if it was given at all, it was in group sessions. This was an out and out fraud.

Mr. HOLLAND. It was an out and out fraud, but I contend it came about because they were not adequately advised, that is, that you were going to enforce the law, they were not adequately advised of the law, and they knew nothing of the law, and I know when it comes to reading those regulations, it takes a lawyer, and I am a lawyer.

There is firm ground for that kind of thing. It seems to me, if you would use an ounce of prevention, that we could take away the thousands of dollars in prosecution, humiliation, and everything else, and the Veterans' Administration in South Carolina does do a tremendous job, I must say.

Mr. WILSON. I was about to say, our office in South Carolina tells me they have been working with this school for a long period of time. The school officials at that school were just as concerned about this problem as we were.

The school itself was not officially involved. In terms of this abuse, there were individuals who just happened to be on the school payroll.

There were individual students who just happened to be going to that school. But the officialdom of that school was not involved in this fraud.

They were supposed tutors who certified that they did certain things, when in fact they did not do them. But we have no fault with that particular school. As I remember it, those top school officials were just as anxious to clear up this situation as we were.

Mr. HOLLAND. I talked with the president of the college down there, and I can assure you he was concerned.

I can also assure you there was a great lack of clarity, there was an existence of vagueness, and somebody failed.

I do not know where to put the blame, to notify these students, to make sure they knew you were going to prosecute.

Here are the rules you follow, if you do not follow those rules, you violate the law.

These people saw a loophole, they saw a lack of information, and they took advantage of it. You can only expect that if you knew the background of that student body, you could expect that, you do not look for a crime over on the Baptist Church grounds, you go down to the section where most of these people live, and that is where this crime does exist.

It seems to me a red flag is picking up. Friendship College is a ripe ground for abuse and requires special attention, even though it is a small school.

Mr. WILSON. When we deal with schools all across the country, I am pleased to tell you, we have not had this kind of problem at many.

It was a unique problem at that particular school, and it is a situation that was not widespread across the country.

It was pointed out in my testimony as one of a series of the kinds of abuses that we ought to seek to correct. The students there laid out a series of facts and events that would leave you to conclude that they planned to do what they did, and that is to defraud the U.S. Government.

They sat down with a plan to do it.

Mr. HOLLAND. Being realistic, most of the news is good news in this program.

Mr. WILSON. I would hope the record is clear on that, and I am in complete agreement with you.

The vast majority of people have not abused the program, but have set out to get an education.

It is just that the Congress has a great concern with respect to the minority of abuses, and we have the same concern and I think we all want to clear it up.

Mr. MOTTL. We will next hear from my fellow colleague from Ohio, Mr. Wylie.

Mr. WYLIE. Thank you very much, Mr. Chairman. I am sorry to be late, but I was at a markup in the Banking, Currency and Housing Committee, on a housing bill which is very important to all of us.

Maybe some of the questions which I will ask will be repetitive, but repetition emphasizes the problems.

Now that the news media, and the Veterans' Administration are getting geared up to put the heat on abuses, the Veterans' Administration has decided to start enforcing the law; is that a fair observation?

Mr. WILSON. I would not put it in those exact words, but I would say that with respect to institutions of higher learning, we did not do the kind of compliance surveys that perhaps could have prevented some of the kinds of problems we now have.

Mr. WYLIE. Most of the abuses are a matter of not enforcing the law on the book at the present time; is that not a fact?

Mr. WILSON. No, most of the overpayments, if I could use that word, instead of abuse, were caused by schools, by veterans, and by advance pay and prepay.

The abuses exist where appropriate certification was not made to the Veterans' Administration, as required by law, by schools, and by veterans.

Mr. WYLIE. And the main question is why were not proper procedures followed?

Mr. WILSON. I would have to say, Mr. Wylie, that a great many times the proper procedures were not followed. The schools simply did not report to us that people were not making satisfactory progress.

They did not report to us that termination had taken place, until a significant time after the termination. They knew that they were supposed to do this. A vast majority of these schools have been in the GI bill a long time.

They understood the rules, they understood the procedures, they understood the regulations. But the whole thing is that in many instances they just didn't follow them.

Mr. WYLIE. So you were assuming the college administrators in many cases were complying with the procedures, and they were not; is that accurate?

Mr. WILSON. We have basically assumed that institutions of higher learning were not a significant problem, and I would repeat, the vast majority were not.

Mr. Wylie. The vast majority have not been, and yet it is over a billion dollar problem right now.

Mr. Wilson. The vast majority of schools have not been significantly violating the system. That is what I mean to say.

Mr. Wylie. There is a remedy available, however, I think—you can correct me if I am not accurate on this—that the offending school can be held liable under the GI bill for any overpayments caused by their negligence. For failure to comply with the law, they can be held liable.

Mr. Wilson. Yes, that is correct.

Mr. Wylie. Does the Veterans' Administration attempt to pursue its available remedy through those schools?

Mr. Wilson. Yes, sir.

Mr. Wylie. Immediately.

Mr. Wilson. We have already started to do it, and I need to state for the record, that there is a tremendous feeling in some schools around the country, that we are being too tough, that we are doing too much, that we are being too vigorous.

Mr. Wylie. A feeling among the schools?

Mr. Wilson. Some school officials.

I would not want to characterize it as schools, but there are some school officials who wish that the problem would go away.

Mr. Wylie. Well, I am sure that is the case, but it is not going to go away, is it?

Mr. Wilson. No, sir.

Mr. Wylie. Not as far as you are concerned?

Mr. Wilson. Right.

Mr. Wylie. Now, there is a provision for criminal prosecution for those students who have abused the GI benefit system; is that correct?

Mr. Wilson. Yes.

Mr. Wylie. Has the VA done anything in that regard, have you explored the possibility of criminal presecution of those students who have abused the law?

Mr. Wilson. In those instances where what appears to be fraud comes to our attention, we do make an appropriate referral to the Department of Justice.

Mr. Wylie. On page 6 of your testimony, relative to the Citrus College, you state that the Los Angeles compliance specialists conducted a survey in March 1975, and followed up with a 100 percent review in later in 1975.

Does it take almost a year of these surveys to get the goods on the colleges or the universities?

Mr. Wilson. Mr. Wylie, we do not try to get the goods on the college or the universities.

We try to work with them, and we try to get them to comply with the rules and regulations, and to conduct proper procedures.

With respect to Citrus, there was an attempt to do that. I regret to say it did not work.

Mr. Wylie. On page 12, you suggest that the payments be prohibited for the withdrawal.

Since payments are made in advance, how would this prohibition work?

Mr. Wilson. In those instances, where schools would indicate that a person is making satisfactory progress, having already received advanced pay, and having received prepay, the school would not then be able to say that is satisfactory progress, and under the standards of the progress rules, that students would be disenrolled, or appropriately reduced as to training time.

Mr. WYLIE. OK.

Mr. Chairman, you said you wanted to conclude the hearing within the next few minutes, and that you would like me to get in one more really good question, if I have one. I would like to know what legislation do you suggest to help solve the contracting out, or what would you suggest?

Mr. WILSON. I testified the previous time, Mr. Wylie, that we have a general counsel's opinion which gives us some basic guidelines that we are trying to use.

I suggest the possibility that that guidelines set down by the General Counsel might be reinforced by substantive law to make all such schools obviously comply with the 2-year rule and 85 to 15 ratio rule.

Mr. WYLIE. You did make some recommendations?

Mr. WILSON. They are toward the end of my prepared statement.

Mr. WYLIE. Thank you.

Mr. MOTTL. Thank you, Mr. Wylie.

In the GAO report, it stated the fiscal 1976 amount could be more than $800 million in overpayments.

We just received today, from the committee staff, an update from GAO on the projection, and they believe their figure should be updated to $916 million, and so this month it has increased to $93 million alone, from approximately $65 million the month before, so we still see a vast acceleration of overpayments as of even last month.

Mr. WILSON. I said earlier, Mr. Chairman, I think a significant portion of that increase is due to the fact that we are doing a better job, and we are flushing out an awful lot around the country.

I do not know if the GAO had the very latest figures, but as I mentioned, the latest computer update, for the month of April was something slightly in excess of an additional 100,000 accounts.

Mr. MOTTL. And I would like to submit this one other figure, $354,700,000, the balance in overpayments outstanding as of March 31, 1976, and without objection, we will submit this for the record.

[The chart follows:]

Summary of VA education overpayments (1966 to present)

	Amount
Beginning balance of overpayments outstanding, as of July 1, 1966	$365,000
Overpayments discovered (July 1, 1966 to March 31, 1976)	1,620,734,000
Total overpayments	1,621,099,000
Dispositions (July 1, 1966 to Mar. 31, 1976):	
Waived, compromised, or written off as uncollectable	63,363,000
Collections and offsets against benefits	1,203,036,000
Total dispositions	1,266,399,000
Balance of overpayments outstanding, as of March 31, 1976	354,700,000

VA EDUCATIONAL ASSISTANCE OVERPAYMENTS

Projections for fiscal year 1976 (Revised as of March 31, 1976)

Overpayments discovered (actual):	
July to December 19 (6 month period)	411,746,000
January and February 1976 (2 month period)	129,655,000
March 1976	[1] 93,657,000
Total actual (July to March)	635,058,000
Overpayments projected (April to June 1976):	
Based on monthly average for first 9 months ($635,058,000 divided by 9 equals $70,562,000)	211,686,000
Projection for fiscal year 1976: ($635,058,000 plus $211,868,000)	846,744,000
Based on overpayments discovered in March 1976 (3 times $93,657,000)	280,971,000
Projection for fiscal year: ($635,058,000 plus $280,971,000	916,029,000

[1] month.

Mr. MOTTL. I would also like to submit the statement from one of the veterans attending the Cleveland State University of his experience with overpayment, and reference to this hearing.

[The letter follows:]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 15, 1976.

Mr. OLIVER MEADOWS,
Staff Director,
Veterans' Affairs Committee.

DEAR OLLIE: Enclosed is a letter from a constituent of mine concerning the ineffective administration of Veterans' education benefits at Cleveland State University.

I thought the main points raised in this letter could be included in the hearing record.

Sincerely,

RONALD M. MOTTL,
Member of Congress.

Enclosures.

PARMA HEIGHTS, OHIO, *April 9, 1976.*

Congressman RONALD M. MOTTL,
1233 Longworth Building,
Washington, D.C.

DEAR CONGRESSMAN MOTTL: I am providing some information which supports your suspicions of poor and ineffective administration of VA benefits. I understand you are chairing a subcommittee which will investigate VA benefit ripoffs. The attached newsletter from the Office of Veterans' Affairs at Cleveland State University verifies the poor administrative support provided to the VA by a large State university.

Notice the highlighted lines of the newsletter. The responsibility of keeping the Registrar's Office up-to-date on enrollment changes is placed on the student. The Registrar's Office is where students must file all enrollment changes. As the newsletter suggests, that office does not have a procedure to sort out the changes that affect VA benefits.

I asked Mrs. Mutyas, the Registrar's Office employee who handles VA verification, why I must provide her a copy of the enrollment verification I received in the mail, since it is sent to me from the Registrar's Office. She said all enrollment information is placed on microfilm and she does not have access to any student enrollment information until six weeks after registration. Even then, there is no rapid method available that could isolate files of students who are veterans receiving Benefits. I felt her statement was incredible in light of the fact that every registration transaction is computerized.

I have some ideas on how to improve registration information flow. The expense is justified in view of the high cost of VA overpayments. I would be glad to discuss them with you at a later time. At the present time, a personal call on Mrs. Mutyas to confirm this letter will be quite revealing to your investigation.

Sincerely,

DAVID M. GUBANC.

Attachments.

THE CLEVELAND STATE UNIVERSITY,
OFFICE OF VETERANS' AFFAIRS,
Cleveland, Ohio, March 8, 1976.

DEAR CSU VETERAN: It was a long winter and we'll bet your as glad as we are that spring is just around the corner. Here's our quarterly offering of information.

New or Reenrolling Veterans.—If you are a new Vet or are reenrolling after an absence you *must* contact Mrs. Matyas in the Registrar's Office, Fenn Tower Rm 109, when you register for classes. If you register by mail, bring your registered course schedule. She will certify your attendance with the VA. It will then take approximately four to six weeks before you start receiving your checks. It will not help to inquire about your check until this time has elapsed. However, if any changes occur in your enrollment etc., notify Mrs. Matyas immediately.

Legislation.—In our last newsletter we told you about House of Representatives Bill 9576 having been passed and forwarded to the Senate Veterans' Affairs Committee. This bill would terminate educational benefits for anyone entering the service after Dec. 31, 1975. It would also extend the total maximum benefit time to 45 months. The latest information we have is that the bill is still in the Committee's hands. The Committee Chairman, Senator Vance Hartke, opposes termination unless a program is developed to replace the present one. Other House and Senate Bills that are held up pending action on H.R. 9576 are as follows:

(1) H.R. 7586 and S. 817—Eliminates time limits for use of veterans educational benefits.

(2) H.R. 457, H.R. 7585 and S. 1371—Cost of living adjustment to veterans' benefits.

(3) H.R. 3535—Establishment of a Veterans' Employment Service within the Department of Labor.

(4) H.R. 3077—Allowing the transfer of unused educational benefits to dependent children.

Address Changes.—Moving? We've had several Veterans who have gone through the stolen or lost check routine during the past six months. Two checks were stolen after they were mailed to the Veterans old address. It took over six months for new checks to be issued. With that warning—if you are in the process of moving you must notify Mrs. Lorry Matyas in the CSU Registrars Office, the Veterans Administration, your local post office, and your postman.

Marital Status.—If your marital status or number of dependents changes, notify the VA through this office or directly. We have the forms required which will save some processing time. It will usually take from four to six weeks before the change is reflected in your benefit checks. There will be a retroactive payment from the date the change occurred included in the first check reflecting the change.

Benefit Rates.—We are including a benefit rate table in this newsletter. You might want to tear it out and save it for future reference. You part-timers taking eight credit hours, take note that by taking a one credit hour course like Employment Orientation or Phys. Ed., you can get into the ¾ time bracket.

Credit hours taken	Benefit amounts by number of dependents			
	None	1	2	For each additional add
Full time:				
Undergraduate (12 and over)	$270	$321	$366	$22
Graduate (9)	270	321	366	22
¾ time:				
Undergraduate (9 to 11)	203	240	275	17
Graduate (7 to 8)	203	240	275	17
½ time:				
Undergraduate (6 to 8)	135	160	289	11
Graduate (5 to 6)	135	160	289	11
Less than ½:				
Undergraduate (5 or less)	(1)	(1)	(1)	(1)
Graduate (4 or less)	(1)	(1)	(1)	(1)

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[1] Tuition reimbursement only.

Summer certification.—If you are planning to attend classes during the summer you must contact Mrs. Matyas in Fenn Tower Rm. 109, after the summer course schedules come out to apply for continuous enrollment.

Financial Aid.—Veterans interested in financial aid for the 1976–77 academic year should apply now. The following is a listing and explanation of the types of aid available:

> Ohio Instructional Grants are available to residents of Ohio pursuing their first undergraduate four-year degree who are taking at least 12 credit hours per quarter and have financial need. Basic Educational Opportunity Grants are available to U.S. citizens pursuing their first undergraduate degree. For 1976–77 these grants will be available to all students regardless of when they started college work. These grants can be used by part-time students. Loans, College Work-Study and Cleveland State University Grants are also available.
>
> Aid for the summer quarter is available, however preference is given to seniors who will graduate at the end of the summer. All of the necessary application forms for all of these are available at the Financial Aid Office, Rm 216 of the Euclid Bldg.

Veterans' Representative.—A reminder that a representative from the VA Milton Franklin, is on campus to help you with pay problems. His office is located in Fenn Tower Rm 210.

Home Loans.—As of January 5, 1976, VA regulations have been changed to decrease the maximum interest rate on home loans guaranteed or insured, to eight and three quarters percent per annum. This doesn't affect mobile home loans unless the lot is financed. Contact the VA for more information.

Tutoring Program.—We are pleased to report that the Veterans' Tutoring Program is running smoothly. We have established a listing of tutors available for various courses. There have been a few problems with veterans who obtained the assistance of a tutor without clearing through this office first and then requesting reimbursement for the money paid. Remember, tutors must be approved by the Veterans' Coordinator before reimbursement will be made. If you need a tutor or want to do tutoring, see Steve Lauer at the Office of Veterans' Affairs, University Center Rm 301, between 1 and 6 p.m. If these hours aren't convenient, call 687–2212/2213 for an appointment.

RICK BURGE,
Supervisor of Veterans' Affairs.
ALEX C. JAMIESON,
Coordinator of Veterans' Affairs.

Mr. MOTTL. May I ask a couple of questions that I would like to have our staff director read as to his experience, and to outline some of the facts.

Mr. WILSON. Mr. Chairman, I have shown you a piece of paper earlier, which shows an increased number of actions being reported by veterans in schools in California, which I think is very significant. I would like to put that in the record.

Mr. MOTTL. Without objection, and hearing none, it will be so ordered.

[The document appears on pp. 119–120.]

Mr. WYLIE. Mr. Chairman, may I ask permission to submit three or four questions for the record?

Mr. MOTTL. By all means.

[Questions and answers follow:]

Mr. WYLIE. What is your view of changing the educational program so that payments are related to the actual costs of tuition, fees, books, and so on? Wouldn't the payments be educational assistance rather than income supplements?

Answer. We would categorically be against making payments related to the actual costs of tuition, fees, books, etc. A tuition payment plan was contained in the World War II G.I. Bill program. Under the original enactment the Administrator was permitted to pay the schools an amount not to exceed $500 per ordinary school year, to cover the customary cost of a veteran's tuition, fees, books, supplies and equipment required by him to pursue and complete a course. Where an institution had no established tuition fee, the Administrator was permitted to provide fair and reasonable compensation up to $500 per ordinary school year. Subsequent enactment, however, allowed an institution to apply for adjustment.

Many problems developed in that program. As a result, a House Select Committee was appointed in 1950 to make a study of the program's operation. This study, chaired by Congressman Olin E. Teague, spotlighted many abuses of the tuition payment system including veteran enrollment aimed at financial gain rather than serious educational interest with resulting exploitation of the veteran as well as the Government (House Report 1375, 82nd Congress, 2nd Session).

The General Accounting Office made a further examination of the World War II G.I. Bill (House Veterans' Affairs Committee Print No. 160, 82nd Congress, 1st Session).

These studies showed that all manner of irregular tuition payments occurred. Tuition was paid subsequent to the date of the veteran's last attendance, tuition was paid where a veteran had registered but did not attend classes; tuition payments were obtained through collusion and fraud; tuition was paid for veterans attending school under scholarships; and tuition payments were based on erroneous or excessive costs.

As a result of the House Select Committee's findings the Congress provided in the Korean Conflict program that the total payment, including an allowance for tuition, books, and supplies sufficient to maintain a veteran's training under average and reasonable conditions should be paid directly to the veteran.

We provide this background to highlight the fact that the change suggested in your question would most likely result in abuses similar to those that occurred in the WW II program. As mentioned at the hearings, we believe that our reemphasized standards of progress regulations, given adequate time to work, should diminish substantially our present problems with regard to overpayments, "rip-offs" etc.

We should also mention that a tuition study as required by the provisions of Section 105, Public Law 93–508, effective December 3, 1974, was published in November 1975. A survey of persons receiving educational benefits had a high response rate. These responses indicated an apparent sincere interest on the part of the trainees enrolled under Chapters 31, 34, and 35 as to methods being used to disburse VA educational assistance.

Considering the percentage of response, we concluded that the sample was reasonably representative of the study population of veterans and dependents presently enrolled under the study programs authorized by Title 38, USC.

The VA Administrator's Education and Rehabilitation Advisory Committee reviewed the results and responses of the tuition assistance sampling. The Committee recommended that the present system of making payments to veterans and eligible persons enrolled under Chapters 34 and 35 of Title 38, USC, should remain in effect and not be changed.

Mr. WYLIE. The GAO report states that as of March 5, 1976, "St. Paul had a backlog of almost 39,000 unanswered letters." In terms of Centralized Accounts Receivable, has the backlog at St. Paul been reduced?

Answer. We receive in excess of 15,000 letters each week at the St. Paul Centralized Accounts Receivable Division. Every effort is being made to have on-hand no more than those letters received the previous week. Processing for the week of May 1 indicates we are progressing toward this goal. Of the 28,124 unanswered pieces of mail, 18,672 were received the previous week. Continued efforts will be made to show progress in this area.

Mr. WYLIE. On p. 12, you suggest that college catalogs and bulletins "be certified as true and correct." Such materials vary a great deal in content and substance. Is it possible that such a provision would encourage colleges to water down their catalogs and bulletins, so that they could easily "be certified true and correct"?

Answer. We do not perceive this to be a serious problem. If we understand the question correctly, there seems to be within it an implied fear that some schools would publish standards of progress which would be devoid of any real substance and therefore could not accomplish the effect desired by our Regulations. The school's standards of progress must be specific standards; any school that would attempt to include "watered down" standards would only be inviting sanctions from the State Approval Agency involved, which is charged with responsibility of assuring that the standards are adequate and that they are enforced. We feel that this fact will be sufficient deterrent to schools.

Mr. MOTTL. Mr. Wilson, the last time I requested some statistics from you, approximately 5 percent of our veterans in this program, have been ripping off the Government, and taking these funds out of false pretenses, and how many of these veterans have been prosecuted, have been turned over, and if you do not have that information, you can submit.

Mr. WILSON. 12,000 particular veterans names have been referred to the Department of Justice, Mr. Chairman.

A number of those have been investigated. Some prosecutions have taken place, and I have a complete chart I would be pleased to put in the record for you.

[The information follows:]

STATUS OF SCHOOLS—VETERANS REFERRED TO THE DEPARTMENT OF JUSTICE PURSUANT TO 38 U.S.C. 1785—38 U.S.C. 1790(d), JUNE 1, 1966 TO APR. 1, 1976

Stations	Schools						Veterans					
	Number referred	Prosecution declined	Indicted	Prosecuted (convicted)	Acquitted	Pending	Number referred	Prosecution declined	Indicted	Prosecuted (convicted)	Acquitted	Pending
Albuquerque	0						0					
Atlanta	1			1			1					1
Baltimore	1	1					0					
Boise	1	1					1	1				
Boston	0						0					
Buffalo	7	7					384	374				10
Cheyenne	0						0					
Chicago	4					4	1,963					1,963
Cleveland	6	4				2	2	1				1
Columbia	0						0					
Denver	5	2				3	6	1				5
Des Moines	4	2				2	10	2				8
Detroit	1					1	41					41
Fargo	1	1					2	2				
Fort Harrison	3	2				1	10	8		2		
Hartford	0						0					
Honolulu	0						2					2
Houston	13	6	5	1		1	7	5				2
Huntington	2	1				1	6	1				5
Indianapolis	2	1				1	0					
Jackson	2	2					0					
Lincoln	0						0					
Little Rock	0						0					
Los Angeles	28	3		1		24	7,867	7,796				71
Louisville	0						0					

Manchester	1	1					0					
Milwaukee	0						0					
Montgomery	3	1		1		1	0					
Muskogee	3	3					12	12				
Nashville	3	2				1	3	1	1			1
Newark	1	1					2	2				
New Orleans	3	1				2	1	1				
New York	1	1					10	1	1			8
Philadelphia	7	4	1	1		1	13	11		2		
Phoenix	0						0					
Pittsburgh	0						0					
Portland	[1] 18	14				4	2	2				
Providence	0						0					
Reno	1	1					2	2				
Roanoke	0						0					
St. Louis	5	4				1	0					
St. Paul	0						0					
St. Petersburg	2	2					17	17				
Salt Lake City	1		1				2	2				
San Francisco	1					1	0					
San Juan	2					2	1, 501					1, 501
Seattle	5	3				2	1	1				
Sioux Falls	0						0					
Togus	2	1				1	1	1				
Waco	5	3		1		1	18	14		3		1
Washington, D.C.	3	2				1	448	448				
White River Junction	2	2					0					
Wichita	0						2			2		
Winston-Salem	0						0					
Total	150	79	7	6	0	58	12, 337	8, 706	2	9	0	3, 620

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[1] School and 1 employee cleared of all charges; president of school was prosecuted and sentenced to a fine and 5 years imprisonment.

Mr. MOTTL. And then one other fact I think should be brought out, through your testimony, how much administrative costs can be attributed through the process of collecting these funds, the overpayments, do you have any estimate as to what amount of your budget has to go for process of collecting these overpayments?

Mr. WILSON. I have some 20,000 people in the Department of Veterans Benefits across the country. We centralized all of our collection activity on new cases, through Minneapolis, Minn. We had 181 people on the payroll, as of the day before yesterday, directly involved in this collection activity.

You have to add to that some 35 field collection people, some 15 to 20 finance people who actually take the money and deposit it in banks, that sort of thing, and then you have people across the country who answer questions, and who work on this total problem.

I would say we are taking somewhere in the neighborhood of 400 people, to 450 people.

I was given a figure just this morning, for every case we have disposed of, the actual cost per case is about $6.18.

Mr. WYLIE. Will the gentleman yield?

Have you ever considered contracting out to private industry these names on a percentage basis?

Mr. WILSON. Yes, sir, I discussed that yesterday afternoon with the Administrator.

It has been considered in the past, and it has not been pursued for a number of reasons.

I think primarily because the problem was not that much in the past. It has not been pursued other than recently pursued. It is one of the things I am attempting to have a conversation about.

Mr. WYLIE. I would like to have a little followup on your conversation about it.

Mr. WILSON. I presume, Mr. Wylie, you are referring to possible referrals to collection agencies, who would try to get the money on a percentage basis.

Mr. WYLIE. Yes, I am, on a contingent fee basis, right.

Mr. MOTTL. Father Cornell?

Mr. CORNELL. I just have one question, a matter that concerns me. Has the VA been in receipt of many letters from college instructors, and veterans concerning abuses that they are aware of in their institutions?

Mr. WILSON. Yes, sir, we have received a number of those.

Mr. CORNELL. Has an investigation followed on their receipt?

Mr. WILSON. If it appeared to be a significant one, yes.

Mr. CORNELL. What would you mean by significant, if you had a letter from an instructor of an institution, for example, whether he or she was aware of the fact that there were veterans who were not attending classes, and it would be certified, would that be sufficient?

Mr. WILSON. If he says that to us, that would immediately trigger up a compliance survey, and might well trigger a referral to the Department of Justice.

Mr. CORNELL. And it would not be necessary that the veteran or the teacher be identified.

Mr. WILSON. As to who made the referral?

Mr. Cornell. Right.

Mr. Wilson. I would think, Father Cornell, they would have to be identified, but I am not real sure, depending on how the inquiry came to our attention, or how the allegation came too our attention. If it was an out-and-out allegation of supposed fraud, which referred in the letter to the person himself, we would refer it to the Department of Justice.

Mr. Cornell. Not necessarily a case of fraud, but let us take a teacher, must he be identified in a letter of this type?

Mr. Wilson. I think I know what you mean.

In that kind of instance, if a person wrote in, and said I believe my school is certifying improperly to the Veterans' Administration, we will not disclose his name. In a normal instance that name would not be used.

Mr. Cornell. Could you say this is consistently done, that compliance surveys follow from receipt of letters from college instructors?

Mr. Wilson. I would hope it is consistent. I receive a telephone call every once in a while about this kind of thing, and we follow this rule consistently.

I have to say that probably on occasion it has not been as consistent as we would like.

Mr. Cornell. Thank you.

Mr. Motti. Thank you, Father Cornell.

Our staff director will read a case instance about the Florida Junior College at Jacksonville, and maybe, Mr. Wilson, you would like to comment.

Mr. Meadows. Mr. Chairman, bearing on what Father Cornell said here, I wanted the record to clearly reflect, Mr. Wilson, that the situation in the Florida Junior College in Jacksonville resulted from one of these individuals, such as Congressman Cornell referred to, a professor at that school complaining to one of his Florida Congressmen, that his classes were never filled, they were only half filled, the veterans were not attending class, and he was so indignant as a taxpayer, he felt he had to complain, and that Congressman referred it to this committee.

It was not picked up as a result of a compliance survey, and we went to the Florida regional office of the Veterans' Administration, to some of the local employees, and they said, why are you investigating that school, that is not the worst one, but the question is, we would like help, and you have read some things there about the Florida Junior College, where in fact 1,000 of the 6,000 veterans did not appear to be going to school.

We have yet to be successful in assuring ourselves that has been any actual work standards of progress instituted by that school.

Could you help us through our regional office to tell us what is not supposed to be the standard of performance, the standard of grading, the standard of progress currently being enforced in that school, and then I would like to request about a dozen transcripts of typical cases be inserted in the record.

Mr. Motti. So ordered.

[The transcripts follow:]

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE

A school which has received much attention by this Committee is Florida Junior College at Jacksonville, Fla. This is a community college which has an enrollment of about 55,000 of which there are about 5,000 veterans.

The Committee has learned of discrepancies and violations concerning veterans at this institution by virtue of a letter to a Member of Congress. The professor told the Congressman that his classes were about half full since veterans rarely attended classes and that this was widespread throughout the school. He further indicated that there were no penalties for veterans who withdrew despite their having failed to attend classes or receive a passing grade.

Shortly thereafter, Committee investigators were assigned to look into this matter. Compliance survey worksheets were obtained from the Veterans' Administration on all veteran students who had attended this institution. A random sampling of these worksheets identified as VA Form 22-1936 were selected.

Staff investigators presented several hundred of the compliance survey worksheets to Dr. H. J. Owen, Vice President for Campus Operations with a request for the transcripts for each veteran. Interviews were conducted with both college officials, veterans' representatives and veterans during the investigation.

Subsequently the college furnished the Committee transcripts of attendance records to attach to the Compliance Survey Worksheets which had been furnished by the Veterans' Administration, indicating that the veteran had been enrolled at this institution. About a month later, Dr. Owen furnished the Committee a list of 314 noncollege credit student veterans who were terminated for excessive absences during the previous fall term; a computer printed listing of 1,000 college credit veterans who failed to make satisfactory academic progress during term 1 of 1975-76 and a computer printed listing of 241 college credit veterans who had accumulated 60 or more credit hours prior to November 5, 1975. Therefore, the visit of Committee staff investigators had resulted in more than 1,000 veterans, that is over 20% of veteran enrollment, being terminated at this institution because of failure to make satisfactory progress while another 241 were dropped from the rolls because they had accumulated more than 60 hours which is the number of hours required to qualify for an Associate Arts Degree.

I have before me the transcripts of 15 students who attended Florida Junior College which I believe are fairly typical of the group which were dropped from the rolls.

However, before discussing these cases, it should be emphasized that satisfactory progress at Florida Junior College at Jacksonville is completing 50% or more of all credit hours attended each term. However, a veteran is considered to be in full-time training if he is taking 12 semester hours and is considered to have passed if he receives a grade of D or better. To say it another way, a veteran can flunk half his courses and considered to be maintaining satisfactory progress. Even with this standard, this college terminated over 1,000 veterans for failing to maintain satisfactory progress.

Case No. 1

The veteran in this case has been attending school on a continuous basis since January, 1973. His transcript indicates that he attended 14 terms, most of them on a full-time basis. He attended 68 semester hours but earned credit for 31 or less than half. The grade point average for the full-time he attended is 1.00. He failed to receive a passing grade 6 consecutive terms starting with the winter term 1972-73. During the same period, the VA indicates that this veteran received his full educational allowances.

Case No. 2

This is a typical case which occurs all too frequently in the transcripts furnished the Committee. The veteran has completed 2 full terms starting in the fall of 1974-75. He received all F's except in 3 courses which he failed to complete, yet he is certified as being in good standing.

Case Nos. 3 and 4

The veteran failed to receive a grade point average for 3 straight terms, yet in good standing.

Case No. 5

A veteran in training since January, 1973; has no grade point average for over half of the time he has been in school including the last 4 terms.

Case No. 6

The veteran has been enrolled continuously since 1971 but has a grade point average of only 1.88.

Case No. 7

Veteran flunked or withdrew on all courses for 4 consecutive terms but remained in good standing at all times and then completed last 2 terms with passing grades.

Case No. 8

Despite flunking all courses for 2 consecutive terms, veteran was permitted to continue the third term with no penalties.

Case No. 9

Veteran had been drawing full benefits even though he received no grade points for 9 consecutive terms.

Case No. 10

Veteran never passed a course for 5 consecutive terms yet certified to be in good standing.

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE: 1 4 9244 10
OBJECTIVE CODE: 041
FILE NO: [illegible]
REQUESTING RO: 312
NAME OF STUDENT OR TRAINEE: [redacted]
RO FOLDER JURIS: 317
CHAPTER: 34
PERIOD COVERED BY SURVEY:
NAME AND ADDRESS OF FACILITY:
FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE RATE / CORRESPONDENCE CHARGE PER LESSON / FLIGHT TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS / CORRESPONDENCE: LESSONS SERVICED / FLIGHT TRAINING	CHGS LESS THAN 1/2 TIME / TOTAL AMOUNT / CHGS TO DATE	ENDING DATE / LAST DATE / LAST DATE	REASON
CERTIFIED FOUND	70	165.00	73 01 01	011	8		509		73 01 08	
CERTIFIED FOUND	70	220.00	73 01 09	011	8		516		73 04 20	64
CERTIFIED FOUND	60	110.00	73 06 19	011	8		503		73 08 04	61
CERTIFIED FOUND	60	220.00	73 08 30	011	8		513		74 01 01	
CERTIFIED FOUND	70	165.00	74 01 02	011	8		509		74 05 01	64
CERTIFIED FOUND	60	270.00	75 01 07	011	8		519		75 04 30	64
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22-1936
OCT. 1973

EXISTING STOCKS OF VA FORM 21E-1936, DEC. 1963 WILL BE USED

PERMANENT ACADEMIC RECORD

FLORIDA JUNIOR COLLEGE
AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

1 of 2 12/12/75

MALE 06/ /67

09/22/69

TEST INFORMATION:

```
-------FALL TERM 1967/68 - 08/21/67 TO 12/15/67------
FH     101 P A05 ENG COMPOSITION T  D   30  00  00  00
HY     201 P A01 U S HISTORY        C   30  30  30  60
MS     101 P A06 COLLEGE MATH       B   30  30  30  90
PEM    101 P A29  PHYSICAL EDUCA    IF  10  00  10  00
SC     101 P C14 LFE IN BIO ENVI T  F   40  00  00  00
                 FJC TERM TOTALS GPA=2.14   60  70 150

------WINTER TERM 1967/68 - 01/08/68 TO 05/01/68-----
FH     101 P A05 ENG COMPOSITION    WP  00  00  00  00
GY     105 P A03 WORLD GEOGRAPHY    C   30  30  30  60
MS     103 P A02 INTERME ALGEBRA    C   30  30  30  60
PEM    102 P A04  PHYSICAL ED. F    C   10  10  10  20
PSY    105 P A01 GNRL PSYCHOLOGY T  IF  30  00  00  00
SLS    103 D A05 HUMAN INSTITUTN    B   30  30  30  90
                 FJC TERM TOTALS GPA=2.30  100 100 230

------SPRING TERM 1967/68 - 05/06/68 TO 06/14/68-----
FH     1[illegible] P B01 ENG COMPOSITION T  E   30  00  00  00
                 FJC TERM TOTALS GPA=0.00   00  00  00

-------FALL TERM 1968/69 - 08/28/68 TO 12/20/68------
FH     101 P C13 ENG COMPOSITION T  E   30  00  00  00
MS     105 P C06 COLLEGE ALGEBRA T  E   30  00  00  00
PEC    241 P C06 BEGINNING GOLF     E   10  00  10  00
PLS    201 P C01 AMER FED GOVT      C   30  30  30  60
PSY    105 P C12 GNRL PSYCHOLOGY R  C   30  30  30  60
SC     102 P C01 LFE IN PHY ENVI T  WF  30  00  00  00
                 FJC TERM TOTALS GPA=1.71   60  70 120

------WINTER TERM 1968/69 - 01/10/69 TO 05/02/69-----
BAN    101 D S04 INTRO BUSINESS  T  E   30  00  00  00
HY     101 P S01 WESTERN CIVILZA T  E   30  00  00  00
HY     202 P S02 U S HISTORY        C   30  30  30  60
MS     105 P S01 COLLEGE ALGEBRA T  E   30  00  00  00
PEC    132 P S01 ARCHRY-VOLFYBAL    E   10  00  10  00
SC     101   A04 LFE IN BIO ENVI R  IF  30  00  30  00
SC   101-L   S01 BIOL ENV LAB       WP  00  00  00  00
                 FJC TERM TOTALS GPA=0.86   30  70  60

------SPRING TERM 1971/72 - 05/01/72 TO 06/09/72-----
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                 FJC TERM TOTALS GPA=3.00   30  30  90

------SUMMER TERM 1971/72 - 06/16/72 TO 07/28/72-----
SC     103 P S01 LFE IN PHY ENVI T  F   30  00  00  00
                 FJC TERM TOTALS GPA=0.00   00  00  00

-------FALL TERM 1972/73 - 08/30/72 TO 12/15/72------
ENG    101 P S26 ENG COMPOSITION    WP  30  00  00  00
HIS    101 P S03 WESTERN CIV I   T  F   30  00  00  00
PHS    102 P S03 LIF IN PHY ENVI    WP  30  00  00  00
SAM    160 D S01 INTR TO BUSINES R  D   30  30  30  30
SSS    101 P S02 ORI AMER SOCITY T  IF  30  00  00  00
                 FJC TERM TOTALS GPA=1.00   30  30  30

------WINTER TERM 1972/73 - 01/09/73 TO 04/19/73-----
BIO    102 P S05 PRIN BIOLOGY       F   60  00  40  00
ENG    101 P S01 ENG COMPOSITION T  F   30  00  00  00
TEL    160 D S01 FUND GEN ELECT     F   30  00  30  00
MAT    121 P S01 COLLEGE ALGEBRA T  F   30  00  00  00
SSS    101 P S04 ORI AMER SOCITY T  F   30  00  00  00
                 FJC TERM TOTALS GPA=0.00   00  70  00

------SUMMER TERM 1972/73 - 06/19/73 TO 08/03/73-----
ENG    101 P S03 ENG COMPOSITION R  F   30  00  30  00
                 FJC TERM TOTALS GPA=0.00   00  30  00

-------FALL TERM 1973/74 - 08/30/73 TO 12/19/73------
ENG    101 P T03 ENG COMPOSITION    WP  30  00  00  00
HIS    101 P T01 WESTERN CIV I   T  F   30  00  00  00
PSY    214 P T01 EDUC PSYCHOLOGY    F   30  00  30  00
SSS    101 P 001 ORI AMER SOCITY R  F   30  00  30  00
                 FJC TERM TOTALS GPA=0.00   00  60  00

------WINTER TERM 1973/74 - 01/08/74 TO 04/30/74-----
PHS    102 P T02 LIF IN PHY ENVI R  F   30  00  30  00
PSY    243 P T01 ADOLESCNT PSYCH    F   30  00  30  00
SP     110 P T01 FUND OF SPEECH     WP  30  [illegible]  00  00
                 FJC TERM TOTALS GPA=0.00   [illegible]  60  00

------WINTER TERM 1974/75 - 01/07/75 TO 04/29/75-----
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1905

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE

Grading Scale Description

The Florida Junior College Grading System has assigned letter grades and quality points as follows:

FALL 1966 – PRESENT

A	– Excellent	4 grade points per credit hour
B	– Good	3 grade points per credit hour
C	– Average	2 grade points per credit hour
D	– Poor	1 grade point per credit hour
E	– Failure – Non-Attendance	0 grade points per credit hour
F	– Failure – Academic	0 grade points per credit hour
WF	– Withdrawal – Failing	0 grade points per credit hour
I	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
IF	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
WP	– Withdrawal – Passing	
NC	– Incomplete without penalty. No time limitation for changing.	
X	– Audit	
NP	– Non-punitive grade which indicates the student received neither credit nor penalty.	

STUDENT IS IN GOOD STANDING AND IS ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE.

DATE ISSUED

**PERMANENT
ACADEMIC
RECORD**

FLORIDA JUNIOR COLLEGE
AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

2 of 2	12/12/75		

MALE			06/ / 67

09 22 49

TEST INFORMATION:

GRADING SYSTEM	
GP=GRADE POINTS	

```
PHS    102 P C04 LIF IN PHY ENVI      NP  30  00  00  0
SSS    101 P C02 ORI AMER SOCITY      NP  30  00  00  0
                 FJC TERM TOTALS  GPA=0.00    0   90  0

TOTALS        HOURS ATT-----EARNED Q.PTS      GPA
FJC CUMULATIVE      68.0      31.0   68.0     00
ALL COLLEGE CUM.    68.0      31.0   68.0     00
AA FJC DEG. CUM.    64.0      30.0   66.0     03
AA DEGREE CUM.      64.0      30.0   66.0     03
PROGRAM OF STUDY - AA GENERAL COLLEGE
DDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDD
              END OF GRADE HISTORY
```

1907

Grading Scale Description

The Florida Junior College Grading System has assigned letter grades and quality points as follows:

FALL 1966 – PRESENT

A	– Excellent	4 grade points per credit hour
B	– Good	3 grade points per credit hour
C	– Average	2 grade points per credit hour
D	– Poor	1 grade point per credit hour
E	– Failure - Non-Attendance	0 grade points per credit hour
F	– Failure – Academic	0 grade points per credit hour
WF	– Withdrawal – Failing	0 grade points per credit hour
I	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
IF	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
WP	– Withdrawal – Passing	
NC	– Incomplete without penalty. No time limitation for changing.	
X	– Audit	
NP	– Non-punitive grade which indicates the student received neither credit nor penalty.	

STUDENT IS IN GOOD STANDING AND IS ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE.

DATE ISSUED

DEC 12 1975

1908

72-710 O - 76 - 14

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE: 1 4 9244 10
OBJECTIVE CODE: 031
FILE NO.:
REQUESTING RO: 317
NAME OF STUDENT OR TRAINEE:
RO FOLDER JURIS.: 317
CHAPTER: 34
PERIOD COVERED BY SURVEY:
NAME AND ADDRESS OF FACILITY:
FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE RATE CORRESPONDENCE CHARGE PER LESSON FLIGHT TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS CORRESPONDENCE: LESSONS SERVICED	RESIDENCE TRAINING: CHGS LESS THAN 1/2 TIME CORRESPONDENCE: TOTAL AMOUNT FLIGHT TRAINING: CHGS TO DATE	RESIDENCE TRAINING: ENDING DATE CORRESPONDENCE: LAST DATE FLIGHT TRAINING: LAST DATE	REASON
CERTIFIED FOUND	00	316.00	74 08 29	011	8		512		74 09 00	
CERTIFIED FOUND	37	388.00	74 09 01	011	8		512		75 04 30	64
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22-1936
OCT. 1973

EXISTING STOCKS OF VA FORM 21E-1936, DEC 1967 WILL BE USED

PERMANENT ACADEMIC RECORD

FLORIDA JUNIOR COLLEGE

AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

1 of 1 | 12/12/75

05 /07 /50

MALE | 06/ / 53

TEST INFORMATION

GRADING SYSTEM

GP=GRADE POINTS

COURSE | T | GRADE | SEMESTER HOURS | GRADE POINTS

```
--------FALL TERM 1974/75 - 08/29/74 TO 12/18/74------
AAC   260 D C02 PRINC ACCTNG 1           F  30  00  30  0
ENG   105 P C04 COMM FR TDS WLD          F  30  00  30  0
MAT   119 P C02 ELEMEN ALGEBRA           F  30  00  30  0
SAM   160 D C02 INTR TO BUSINES         NP  30  00  00  0
                FJC TERM TOTALS GPA=0.00    00  90  0

------WINTER TERM 1974/75 - 01/07/75 TO 04/29/75
GEO   110 P C04 WORLD GEOGRAPHY         NP  30  00  0   0
HUM   215 P C07 AMER UNDERSTN           IF  30  00  30  0
JOU   101 P C02 INTRO JOURNALSM          F  30  00  30  0
SSS   101 P C03 ORI AMER SOCITY         NP  30  00  00  0
                FJC TERM TOTALS GPA=0.00    00  60  0

TOTALS       HOURS ATT----EARNED Q.PTS       GPA
FJC CUMULATIVE      15.0     0.0    0.0      0.00
ALL COLLEGE CUM.    15.0     0.0    0.0      0.00
AA FJC DEG. CUM.    15.0     0.0    0.0      0.00
AA DEGREE CUM.      15.0     0.0    0.0      0.00
PROGRAM OF STUDY - AA BUSINESS ADMIN
DDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDD
            END OF GRADE HISTORY
```

COURSE | T | GRADE | SEMESTER HOURS | GRADE POINTS

1910

211

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE

Grading Scale Description

The Florida Junior College Grading System has assigned letter grades and quality points as follows:

FALL 1966 – PRESENT

A	– Excellent	4 grade points per credit hour
B	– Good	3 grade points per credit hour
C	– Average	2 grade points per credit hour
D	– Poor	1 grade point per credit hour
E	– Failure - Non-Attendance	0 grade points per credit hour
F	– Failure – Academic	0 grade points per credit hour
WF	– Withdrawal – Failing	0 grade points per credit hour
I	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
IF	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
WP	– Withdrawal – Passing	0 grade points per credit hour
NC	– Incomplete without penalty. No time limitation for changing.	
X	– Audit	
NP	– Non-punitive grade which indicates the student received neither credit nor penalty.	

1911

STUDENT IS IN GOOD STANDING AND IS ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE.

DATE ISSUED

[illegible]

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE 1 4 9244 10	OBJECTIVE CODE 011	FILE NO	REQUESTING RO 317
NAME OF STUDENT OR TRAINEE [redacted]	RO FOLDER JURIS 317	CHAPTER 34	PERIOD COVERED BY SURVEY

NAME AND ADDRESS OF FACILITY

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE RATE CORRESPONDENCE CHARGE PER LESSON FLIGHT TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS CORRESPONDENCE: LESSONS SERVICED FLIGHT TRAINING	CHGS LESS THAN 1/2 TIME TOTAL AMOUNT CHGS TO DATE	ENDING DATE LAST DATE LAST DATE	REASON
CERTIFIED FOUND	00	220.00	74 08 29		8		512		74 09 00	
CERTIFIED FOUND	37	270.00	74 09 01		8		512		75 06 14	64
CERTIFIED FOUND	60	270.00	75 08 01	000	8		512		76 07 31	61
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22-1936
OCT 1973

[illegible] DEC 1967
WILL BE USED

PERMANENT ACADEMIC RECORD

FLORIDA JUNIOR COLLEGE

AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

1 OF 1 12/12/75

02/22/51

MALE / /

TEST INFORMATION

X (SPC ADM)

GRADING SYSTEM

GP-GRADE POINTS

COURSE T

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STUDENT ADMITTED UNDER THE SPECIAL ADMISSION PROGRAM
ON 08/29/74
GRADES ARE NOT VALID FOR DEGREE AND TRANSFER UNTIL
CREDIT ADMISSION REQUIREMENTS ARE MET.
--------FALL TERM 1974/75 - 08/29/74 TO 12/18/74-
CHE    100 P P01 CHE FOR LIB ART      NP  30  00  00  00
HIS    102 P C02 WESTERN CIV 2         F  30  00  3   00
HUM    213 P C06 INTL UNDERSTN 1      IF  3   00  3   00
MAT    119 P C02 ELEMEN ALGEBRA       NP  3   0   0   00
                 FJC TERM TOTALS GPA=0.00     0   6   00

-------WINTER TERM 1974/75 - 01/07/75 TO 04/2 /75
BIO    101 P C03 LIFE IN BIO ENV       F  30  00  3   00
BOT    101 P C01 BOTANY                F  40  00  4   00
MAT    101 P C01 COLLEGE MATH          F  30  00  3   00
PSY    111 P C04 GNRL PSYCHOLOGY       F  30  00  3   00
                 FJC TERM TOTALS GPA=0.00     00  13  00

-----SPRING TERM 1974/75 - 05/05/75 TO 06/13/75-
GEY    101 P C02 PHYSICAL GELOGY      NP  30  00  0   0
RES    161 D C04 REAL ES PRN PRC       F  3   00  3   00
                 FJC TERM TOTALS GPA=0.00     0   3   0

TOTALS       HOURS ATT-----EARNED Q.PTS       GPA
FJC CUMULATIVE      22.0      0.0     0.0     0.00
ALL COLLEGE CUM.    22.0      0.0     0.0     0.00
AA FJC DEG. CUM.    22.0      0.0     0.0     0.00
AA DEGREE CUM.      22.0      0.0     0.0     0.00
---------FALL TERM 1975/76 - 08/27/75 TO 12/19/75-
            *CURRENTLY ENROLLED*
CIN    101 P C01 FI'M AS ART               30
HIS    101 P C01 WESTERN CIV 1             30
MUY    101 P C01 MUSIC APPRECIAT           30
PSY    111 P C04 GNRL PSYCHOLOGY           30
                                 TOTAL 120
PROGRAM OF STUDY - AA GENERAL COLLEGE
DDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDD
          END OF GRADE HISTORY
```

COURSE T

1913

214

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE

Grading Scale Description

The Florida Junior College Grading System has assigned letter grades and quality points as follows:

FALL 1966 – PRESENT

A	– Excellent	4 grade points per credit hour
B	– Good	3 grade points per credit hour
C	– Average	2 grade points per credit hour
D	– Poor	1 grade point per credit hour
E	– Failure - Non-Attendance	0 grade points per credit hour
F	– Failure – Academic	0 grade points per credit hour
WF	– Withdrawal – Failing	0 grade points per credit hour
I	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
IF	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
WP	– Withdrawal – Passing	
NC	– Incomplete without penalty. No time limitation for changing.	
X	– Audit	
NP	– Non-punitive grade which indicates the student received neither credit nor penalty.	

STUDENT IS IN GOOD STANDING AND IS ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE.

DATE ISSUED

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE 1 4 9244 10	OBJECTIVE CODE 011	FILE NO		REQUESTING RO 317
NAME OF STUDENT OR TRAINEE [redacted]	RO FOLDER JURIS 317	CHAPTER 34	PERIOD COVERED BY SURVEY	

NAME AND ADDRESS OF FACILITY
FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE RATE CORRESPONDENCE CHARGE PER LESSON FLIGHT - TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS CORRESPONDENCE: LESSONS SERVICED	RESIDENCE TRAINING: CHGS LESS THAN 1/2 TIME CORRESPONDENCE: TOTAL AMOUNT FLIGHT TRAINING: CHGS TO DATE	RESIDENCE TRAINING: ENDING DATE CORRESPONDENCE: LAST DATE FLIGHT TRAINING: LAST DATE	REASON
CERTIFIED FOUND	26	298.00	74 05 06	011	8	5	506		74 06 11	61
CERTIFIED FOUND	60	224.00	74 06 19	011	8	5	503		74 06 22	61
CERTIFIED FOUND	60	224.00	74 08 29	011	8	5	509		74 09 00	
CERTIFIED FOUND	37	275.00	74 09 01	011	8	5	509		75 04 30	64
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22-1936
OCT. 1973

EXISTING STOCKS OF VA FORM 21E 1936, DEC 1967 WILL BE USED

PERMANENT
ACADEMIC
RECORD

FLORIDA JUNIOR COLLEGE
AT JACKSONVILLE
JACKSONVILLE, FLORIDA [illegible]

1 of 1	12/12/75

03 /31 /46

MALE / /

TEST INFORMATION

(SPC ADM)

GRADING SYSTEM

GP-GRADE POINTS

COURSE	T				GRADE

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STUDENT ADMITTED UNDER THE SPECIAL ADMISSIONS PROGRAM
ON 05/06/74
GRADES ARE NOT VALID FOR DEGREE AND TRANSFER UNTIL
CREDIT ADMISSION REQUIREMENTS ARE MET.
------SPRING TERM 1973/74 - 05/06/74 TO 06/14/74
APM    141 D S01 BUSINESS MATH          WP   3.0  0    0    0
PSY    111 P S01 GNRL PSYCHOLOGY        WP   3.0  0    0    0
                 FJC TERM TOTALS GPA=0.00     0    0    0

--------FALL TERM 1974/75 - 08/29/74 TO 12/18/74
AAC    160 D S04 GENRL ACCTNG 1         NP   3.0  0    0    0
APD    120 P S03 DESIGN 1               NP   3.0  0    0    0
ART    101 P S01 DRAWING 1              NP   3.0  0    0    0
                 FJC TERM TOTALS GPA=0.00     0    0    0

--------WINTER TERM 1974/75 - 01/07/75 TO 04/29/75
ENC    101 P S11 ENG COMPOSITION        F    3.0  0    3    0
LAE    266 D S01 EVIDENCE               NP   3.0  0    0    0
POS    205 P S02 STATE & LCL GOV        F    3.0  0    3    0
                 FJC TERM TOTALS GPA=0.00     0    6    0

TOTALS      HOURS ATT-----EARNED Q.PTS    GPA
FJC CUMULATIVE      6.0    0.0    0.0    0.00
ALL COLLEGE CUM.    6.0    0.0    0.0    0.00
AA FJC DEG. CUM.    6.0    0.0    0.0    0.00
AA DEGREE CUM.      6.0    0.0    0.0    0.00
PROGRAM OF STUDY - AA GENERAL COLLEGE
***********************************************
            END OF GRADE HISTORY
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1916

217

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE

Grading Scale Description

The Florida Junior College Grading System has assigned letter grades and quality points as follows:

FALL 1966 – PRESENT

A	– Excellent	4 grade points per credit hour
B	– Good	3 grade points per credit hour
C	– Average	2 grade points per credit hour
D	– Poor	1 grade point per credit hour
E	– Failure - Non-Attendance	0 grade points per credit hour
F	– Failure – Academic	0 grade points per credit hour
WF	– Withdrawal – Failing	0 grade points per credit hour
I	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
IF	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
WP	– Withdrawal – Passing	
NC	– Incomplete without penalty. No time limitation for changing.	
X	– Audit	
NP	– Non-punitive grade which indicates the student received neither credit nor penalty.	

STUDENT IS IN GOOD STANDING AND IS ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE.

DATE ISSUED

1917

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE 4 9244 10	OBJECTIVE CODE 023	FILE NO	REQUESTING RO 317
NAME OF STUDENT OR TRAINEE	RO FOLDER JURIS. 317	CHAPTER 34	PERIOD COVERED BY SURVEY

NAME AND ADDRESS OF FACILITY

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE RATE / CORRESPONDENCE CHARGE PER LESSON / FLIGHT TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS / CORRESPONDENCE: LESSONS SERVICED / FLIGHT TRAINING	RESIDENCE TRAINING: CHGS LESS THAN 1/2 TIME / CORRESPONDENCE: TOTAL AMOUNT / FLIGHT TRAINING: CHGS TO DATE	RESIDENCE TRAINING: ENDING DATE / CORRESPONDENCE: LAST DATE / FLIGHT TRAINING: LAST DATE	REASON
CERTIFIED FOUND	60	298.00	73 01 09	011	8		513		73 06 13	64
CERTIFIED FOUND	60	298.00	73 08 30	011	8		513		74 01 01	
CERTIFIED FOUND	70	224.00	74 01 02	011	8		509		74 05 01	64
CERTIFIED FOUND	26	316.00	74 08 29	011	8		515		74 09 00	
CERTIFIED FOUND	37	388.00	74 09 01	011	8		515		74 12 19	61
CERTIFIED FOUND	60	388.00	75 08 27	011	8		514		76 07 31	61
CERTIFIED FOUND		d (1252)								
CERTIFIED FOUND		12-17 AD								
CERTIFIED FOUND		P349^{20}								

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22 - 1936
OCT. 1973

EXISTING STOCKS OF VA FORM 21E 1936 DEC 1967 WILL BE USED

PERMANENT ACADEMIC RECORD

FLORIDA JUNIOR COLLEGE

AT JACKSONVILLE

JACKSONVILLE, FLORIDA 32205

1 OF 2 | 12/12/75

10/20/49

MALE | 06/ /67

TEST INFORMATION:

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EQUIVALENCY          FLA A & M
EH    101 P          ENG    10  (01)      D   20  2   2   2
MS    101 P          MATH  101  (01)  T   D   2   0   0   0
MSC  ELECT P         MUS   101  (01)      A   07  0   0   2
MSC  ELECT P         MUS   111  (01)      F   1   00  1   0
MSC  ELECT P         MUS   120  (01)      C   2   2   2   5
MSC  ELECT P         MUS   131  (01)      F   0   0   0   0
PE   ELECT P         PE    101  (01)      C   07  0   0   1
 TOTALS FLA A & M                HOURS EARNED=    1
HOURS ATTEMPTED=  8.1,QUALITY PTS= 11.6,GPA=[illegible]43

-----WINTER TERM 1971/72 - 01/10/72 TO 04/21/72---------------
HY    202 P S03 U S HISTORY            WP   30  0   0   0
MS    101 P S04 COLLEGE MATH       R   C    30  3   3   6
MSC   114 P S01 THEORY 1           T   C    40  00  00  0
MSC   121 P S01 CONCERT BAND           B    10  1   10  3
MSC   122 P S01 STAGE BAND             B    10  1   10  3
                FJC TERM TOTALS GPA=2.40    50  50  12

-----SPRING TERM 1971/72 - 05/01/72 TO 0[illegible]/09/[illegible]2---------
MSC   115 P S01 THEORY 2           T   IF   40  00  00  00
MSC   121 P S01 CONCERT BAND           WP   10  00  00  00
MSC   173 P S01 CLASS BRASS            WP   10  00  00  00
MSC 131-G P S01 APPLIED MUSIC          WP   10  00  00  00
                FJC TERM TOTALS GPA=0.00    00  00  00

-------FALL TERM 1972/73 - 08/30/72 TO 12/15/72---------------
ENG   101 P S02 ENG COMPOSITION        WP   30  00  00  00
MUS    15 P S01 REPERTORY CLASS        WP   10  00  00  00
MUS   123 P S01 CLASS PERCUSSIO        F    10  00  10  00
MUS   132 P S01 CLASS PIANO 1          WP   10  00  00  00
MUS   162 P S01 SYMPHONIC BAND         F    10  00  10  00
MUS   163 P S01 JAZZ-ROCK ENSEM        F    10  00  10  00
MUS 150-G P S01 APPLIED MUSIC          F    20  00  20  00
PSY   111 P S04 GNRL PSYCHOLOGY        WP   30  00  00  00
                FJC TERM TOTALS GPA=0.00    00  50  00

-----WINTER TERM 1972/73 - 01/09/73 TO 04/19/73---------------
MUS    15 P S01 REPERTORY CLASS    T   C    10  00  00  00
MUS   113 P S01 THEORY 2           T   F    40  00  00  00
MUS   121 P S01 CLASS WOODWINDS        WP   10  00  00  00
MUS   162 P S01 SYMPHONIC BAND         F    10  00  10  00
MUS   163 P S01 JAZZ-ROCK ENSEM
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MUS 151-G | P | S01 | APPLIED MUSIC      T   F    20  00  00  00
PSY   111 | P | S07 | GNRL PSYCHOLOGY        D    30  30  30  30
                      FJC TERM TOTALS GPA=0.60    30  50  30

------SPRING TERM 1972/73 - 04/27/73 TO 06/12/73-----------
MUS   113   P   S01   THEORY 2           T   F    40  00  00  00
MUS   162   P   S01   SYMPHONIC BAND         WF   10  00  10  00
MUS   163   P   S01   JAZZ-ROCK ENSEM        WF   10  00  10  00
                      FJC TERM TOTALS GPA=0.00    00  20  00

-------FALL TERM 1973/74 - 08/30/73 TO 12/19/73-----------
MUS    15   P   S01   REPERTORY CLASS    T   F    10  00  00  00
MUS   112   P   S01   THEORY 1           R   F    40  00  40  00
MUS   132   P   S01   CLASS PIANO 1          F    10  00  10  00
MUS   162   P   S01   SYMPHONIC BAND         F    10  00  10  00
MUS 151-G   P   S01   APPLIED MUSIC      T   C    20  00  00  00
PSY   214   P   S01   EDUC PSYCHOLOGY        NP   30  00  00  00
                      FJC TERM TOTALS GPA=0.00    00  60  00

------WINTER TERM 1973/74 - 01/08/74 TO 04/30/74----------
ENG   105   P   S05   COMM FR TDS WLD        F    30  00  30  00
MUS    15   P   S01   REPERTORY CLASS    T   F    10  00  00  00
MUS   113   P   S01   THEORY 2           R   F    40  00  40  00
MUS   133   P   S01   CLASS PIANO 2          NP   10  00  00  00
                      FJC TERM TOTALS GPA=0.00    00  70  00

-------FALL TERM 1974/75 - 08/29/74 TO 12/18/74-----------
ENG   105   P   S14   COMM FR TDS WLD        NP   30  00  00  [illegible]
MUS    15   P   S01   REPERTORY CLASS    R   IF   10  00  00  00
MUS   162   P   S01   SYMPHONIC BAND         IF   10  00  10  00
MUS  151G   P   S02   TRUMPET LESS       R   F    20  00  20  00
PSY   241   P   M03   HUMAN GRO DEVL         NP   30  00  00  00
SOC   201   P   S07   INTROD SOCIOLOG        F    30  00  30  00
                      FJC TERM TOTALS GPA=0.00    00  60  00

TOTALS         HOURS ATT------EARNED  Q.PTS       GPA
FJC CUMULATIVE       36.0      8.0    15.0       0.42
ALL COLLEGE CUM.     44.1     14.1    26.6       0.6
AA/ JC DEG. CUM.     36.0      8.0    15.0       0.42
AA DEGREE CUM.       43.4     13.4    25.2       0.58
-------FALL TERM 1975/76 - 08/27/75 TO 12/19/75-----------
           *CURRENTLY ENROLLED*
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1919

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE

Grading Scale Description

The Florida Junior College Grading System has assigned letter grades and quality points as follows:

FALL 1966 – PRESENT

A	– Excellent	4 grade points per credit hour
B	– Good	3 grade points per credit hour
C	– Average	2 grade points per credit hour
D	– Poor	1 grade point per credit hour
E	– Failure - Non-Attendance	0 grade points per credit hour
F	– Failure – Academic	0 grade points per credit hour
WF	– Withdrawal – Failing	0 grade points per credit hour
I	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
IF	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
WP	– Withdrawal – Passing	
NC	– Incomplete without penalty. No time limitation for changing.	
X	– Audit	
NP	– Non-punitive grade which indicates the student received neither credit nor penalty.	

STUDENT IS IN GOOD STANDING AND IS ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE.

DATE ISSUED

1920

PERMANENT ACADEMIC RECORD

FLORIDA JUNIOR COLLEGE

AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

2 of 2 | 12/12/79

[redacted]

[redacted]

10 /20 /49

MALE | 06/ /67

[redacted]

TEST INFORMATION:

GRADING SYSTEM
GP—GRADE POINTS

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MAG    162 D S02 PRIN MARKETING
MUS    015 P S01 REPERTORY CLASS
MUS    120 P S01 CLASS STRINGS
MUS    162 P S01 SYMPHONIC BAND
MUS    163 P S02 JAZZ-ROCK ENSEM
MUS  02506 P S01 TRUMPET LESSONS
                              TOTAL 110
PROGRAM OF STUDY - AA GENERAL COLLEGE
0000000000000000000000000000000000000000000000000
                 END OF GRADE HISTORY
```

[redacted]

1921

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE

Grading Scale Description

The Florida Junior College Grading System has assigned letter grades and quality points as follows:

FALL 1966 – PRESENT

A	– Excellent	4 grade points per credit hour
B	– Good	3 grade points per credit hour
C	– Average	2 grade points per credit hour
D	– Poor	1 grade point per credit hour
E	– Failure - Non-Attendance	0 grade points per credit hour
F	– Failure – Academic	0 grade points per credit hour
WF	– Withdrawal – Failing	0 grade points per credit hour
I	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
IF	– Incomplete with penalty. Time limitation for changing.	0 grade points per credit hour
WP	– Withdrawal – Passing	
NC	– Incomplete without penalty. No time limitation for changing.	
X	– Audit	
NP	– Non-punitive grade which indicates the student received neither credit nor penalty.	

STUDENT IS IN GOOD STANDING AND IS ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE.

DATE ISSUED

[illegible]

1922

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE 1 4 9248 10	OBJECTIVE CODE 100	FILE NO.	REQUESTING RO 317
NAME OF STUDENT OR TRAINEE	RO FOLDER JURIS. 317	CHAPTER 34	PERIOD COVERED BY SURVEY

NAME AND ADDRESS OF FACILITY
FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE - RATE CORRESPONDENCE CHARGE PER LESSON FLIGHT - TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS CORRESPONDENCE: LESSONS SERVICED FLIGHT TRAINING	RESIDENCE TRAINING: CHGS. LESS THAN 1/2 TIME CORRESPONDENCE: TOTAL AMOUNT FLIGHT TRAINING: CHGS TO DATE	RESIDENCE TRAINING: ENDING DATE CORRESPONDENCE: LAST DATE FLIGHT TRAINING: LAST DATE	REASON
CERTIFIED FOUND	70	100.00	72 07 01	011	8		503		72 07 29	61
CERTIFIED FOUND	60	100.00	72 08 30	011	8		506		72 09 00	
CERTIFIED FOUND	37	131.00	72 09 01	011	8		506		73 06 13	64
CERTIFIED FOUND	60	131.00	73 08 30	011	8		506		74 01 07	
CERTIFIED FOUND	70	261.00	74 01 08	011	8		512		74 05 01	64
CERTIFIED FOUND	60	321.00	75 06 18	011	8		506		75 08 01	61
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22-1936
OCT. 1973

EXISTING STOCKS OF VA FORM 21E 1936, DEC. 1967 WILL BE USED

PERMANENT ACADEMIC RECORD

FLORIDA JUNIOR COLLEGE

AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

1 of 1 | 12/21/75 | [redacted]

[redacted]

MALE | [redacted] | 06/ /60

08 01 72
[redacted]

STUDENT IS IN GOOD STANDING AND IS ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE

INSTITUTIONAL CREDIT
4 CLEP
ADVANCED PLACEMENT
ACT PROGRAM
OTHER EXTERNAL CREDIT
REPEAT INITIAL ATTEMPT
REPEAT LAST ATTEMPT

TEST INFORMATION:

X HIGH SCHOOL
TRANSFER
OTHER

P — NONOCCUPATIONAL
O — OCCUPATIONAL
D — DUAL

GRADING SYSTEM
GP-GRADE POINTS

```
   EQUIVALENCY        MILITARY SER SCH
AIC   165 O.         AIC   165  (OC)              30   3   00   00
IFL   160 D          IEL   160  (00)              30   3   00   00
IFL   164 D          IEL   164  (00)                   3   00   00
 TOTALS MILITARY SER SCH     HOURS EARNED         0
HOURS ATTEMPTED=  0.0,QUALITY PTS=  0.0,GPA=  .00

------WINTER TERM 1970/71 - 01/06/71 TO 0 /29/71-
      105 P D01 COLLEGE ALGEBRA          C   3    3    3    6
 LS   102 P D01 ORI AMER SOCITY          A   30   3    3   12
                FJC TERM TOTALS GPA=3.00      6    6   18

---------FALL TERM 1971/72 - 09/02/71 TO 1 /17/71-
 HY   202 P D01 U S HISTORY              C   3    3    3    6
      101 P P02 ORI AMER SOCITY          B   3    3    3    9
                FJC TERM TOTALS GPA=2.50      6    6   15

------WINTER TERM 1971/72 - 01/10/72 TO 0 /21/72-
 LS   202 P P01 STATE & LCL GOV         WP   3    0   00    0
  C   103 P P01 LFE IN PHY ENVI          C   30   3   30    6
                FJC TERM TOTALS GPA=2.00      3   30    6

------SPRING TERM 1971/72 - 05/01/72 TO 0 /09/72-
PSY   105 P P01 GNRL PSYCHOLOGY          C   3    3   30    6
                FJC TERM TOTALS GPA=2.00      3   30    6

------SUMMER TERM 1971/72 - 06/16/72 TO 0 /28/72-
      10  P P01 FUND OF SPEECH           B   3    3   30    9
                FJC TERM TOTALS GPA=3.00      3   30    9

---------FALL TERM 1972/73 - 08/30/72 TO 1 /15/72-
      101 P P03 ENG COMPOSITION          D   30   30   30   3
      101 P P0  LIF IN PHY ENVI          F   30   00   30  00
                FJC TERM TOTALS GPA=0.50      30   60   30

------WINTER TERM 1972/73 - 01/09/73 TO 0 /19/73-
      101 P P0  LIFE IN BIO ENV          C   3    3    3    6
 SA   160 D D01 INTR TO BUSINES T        F   30   0    0    0
                FJC TERM TOTALS GPA=2.00      3    3    6

------SPRING TERM 1972/73 - 04/27/73 TO 0 /12/73-
      141   D01 REAL ES PRN PRC          A   30   3   30   12
                FJC TERM TOTALS GPA=4.00      3   30   12
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---------FALL TERM 1973/74 - 08/30/73 TO 12/19/73-------
BUW   260 D D01 BUSINESS LAW             B   30   30   30   90
RES   162 D D01 REAL ES LIC LAW          C   30   30   30   60
                FJC TERM TOTALS GPA=2.50      60   60  150

------WINTER TERM 1973/74 - 01/08/74 TO 04/30/74-------
AAC   160 D D01 GENRL ACCTNG 1          IF   30   00   30   00
PHS   101 P D01 LIF IN PHY ENVI         WP   30   00   00   00
SAM   160 D D01 INTR TO BUSINES R       IF   30   00   30   00
SAM   250 D D01 PRIN MANAGEMENT         WP   30   00   00   00
                FJC TERM TOTALS GPA=0.00      00   60   00

------SUMMER TERM 1974/75 - 06/10/75 TO 0 /31/75-------
ANT   220 P C20 CLTRL ANTHROPOL          F   30   00   30   00
ART   110 P C20 ART APPRECIATIO         WP   30   00   00   00
                FJC TERM TOTALS GPA=0.00      00   30   00

TOTALS       HOURS ATT-----EARNED  Q.PTS       GPA
FJC CUMULATIVE      48.0    36.0   90.0       1.88
ALL COLLEGE CUM.    48.0    45.0   90.0       1.88
AA FJC DEG. CUM.    45.0    33.0   84.0       1.87
AA DEGREE CUM.      45.0    39.0   84.0       1.87
PROGRAM OF STUDY - AA BUSINESS ADMIN
*******************************************************
              END OF GRADE HISTORY
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225

1924

1925

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE: 1 4 3244 10

OBJECTIVE CODE: 041

FILE NO.: [illegible]

REQUESTING RO: 317

NAME OF STUDENT OR TRAINEE: [redacted]

RO FOLDER JURIS: 317

CHAPTER: 34

PERIOD COVERED BY SURVEY:

NAME AND ADDRESS OF FACILITY:
FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE - RATE CORRESPONDENCE CHARGE PER LESSON FLIGHT TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS CORRESPONDENCE: LESSONS SERVICED	RESIDENCE TRAINING: CHGS LESS THAN 1/2 TIME CORRESPONDENCE: TOTAL AMOUNT FLIGHT TRAINING: CHGS TO DATE	RESIDENCE TRAINING: ENDING DATE CORRESPONDENCE: LAST DATE FLIGHT TRAINING: LAST DATE	REASON
CERTIFIED FOUND	60	114.00	72 05 01	011	8	5	502		72 05 23	64
CERTIFIED FOUND	60	114.00	72 08 30	011	8	5	506		72 09 00	
CERTIFIED FOUND	37	149.00	72 09 01	011	8	5	506		72 12 00	
CERTIFIED FOUND	26	131.00	72 12 01	011	8	5	506		72 12 16	64
CERTIFIED FOUND	60	6.95	74 08 29	011	8	5	503		74 12 19	61
CERTIFIED FOUND	60	203.00	75 05 05	011	8	5	503		75 06 14	64
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22-1936
OCT 1973

EXISTING STOCKS OF VA FORM 22-1936, DEC 1967 WILL BE USED.

PERMANENT
ACADEMIC
RECORD

FLORIDA JUNIOR COLLEGE
AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

1 of 1	12/12/75

[redacted]

[redacted]

MALE			06/ /68

[redacted]

02/17/45

[redacted]

STUDENT IS IN GOOD STANDING AND ELIGIBLE TO RETURN UNLESS OTHERWISE STATED. THIS TRANSCRIPT IS NOT OFFICIAL UNLESS IT BEARS THE EMBOSSED SEAL OF THE COLLEGE.

INSTITUTIONAL CREDIT
CLEP
ADVANCED PLACEMENT
ACT PROGRAM
OTHER EXTERNAL CREDIT
REPEAT INITIAL ATTEMPT
REPEAT LAST ATTEMPT

TEST INFORMATION

X HIGH SCHOOL
— TRANSFER
— OTHER

P — NONOCCUPATIONAL
O — OCCUPATIONAL
D — DUAL

GRADING SYSTEM
GP=GRADE POINTS

COURSE | T | GRADE | SEMESTER HOURS | GRADE POINTS

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-----SPRING TERM 1970/71 - 05/06/71 TO 06/16/71-----
SCH    105 P T01 FUND OF SPEECH       A  30  30  30 120
                 FJC TERM TOTALS GPA=4.00    30  30 120

-----SUMMER TERM 1970/71   06/18/71 TO 07/30/71-----
EH     101 P D01 ENG COMPOSITION     WP  00  00  00  00
                 FJC TERM TOTALS GPA=0.00    00  00  00

-------FALL TERM 1971/72 - 09/02/71 TO 12/17/71-----
EH     101 P T04 ENG COMPOSITION     WP  30  00  00  00
GS      95 P D01 GUIDE STUDI MAT     WP  30  00  00  00
                 FJC TERM TOTALS GPA=0.00    00  00  00

-----WINTER TERM 1971/72 - 01/10/72 TO 04/21/72-----
EH     101 P T02 ENG COMPOSITION      F  30  00  30  00
                 FJC TERM TOTALS GPA=0.00    00  30  00

-----SPRING TERM 1971/72 - 05/01/72 TO 06/09/72-----
ART    103 P T01 DESIGN 1            WP  20  00  00  00
                 FJC TERM TOTALS GPA=0.00    00  00  00

-------FALL TERM 1972/73 - 08/30/72 TO 12/15/72-----
HIS    101 P P01 WESTERN CIV 1        F  30  00  30  00
PSY    111 P E02 GNRL PSYCHOLOGY      F  30  00  30  00
                 FJC TERM TOTALS GPA=0.00    00  60  00

-------FALL TERM 1974/75 - 08/29/74 TO 12/18/74-----
BIO    101 P D01 LIFE IN BIO ENV      C  30  30  30  60
                 FJC TERM TOTALS GPA=2.00    30  30  60

-----SPRING TERM 1974/75 - 05/05/75 TO 06/13/75-----
SOP    110 P C20 HUMAN RELATIONS      B  30  30  30  90
                 FJC TERM TOTALS GPA=3.00    30  30  90

TOTALS       HOURS ATT-----EARNED Q.PTS     GPA
FJC CUMULATIVE     18.0     9.0   27.0    1.50
ALL COLLEGE CUM.   18.0     9.0   27.0    1.50
AA FJC DEG. CUM.   18.0     9.0   27.0    1.50
AA DEGREE CUM.     18.0     9.0   27.0    1.50
PROGRAM OF STUDY - AA OCCUPATIONAL THERAPY
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           END OF GRADE HISTORY
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COURSE | T | GRADE | SEMESTER HOURS | GRADE POINTS

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE 1 4 9244 10	OBJECTIVE CODE 060	FILE NO	REQUESTING RO 317
NAME OF STUDENT OR TRAINEE [redacted]	RO FOLDER JURIS 317	CHAPTER 34	PERIOD COVERED BY SURVEY

NAME AND ADDRESS OF FACILITY

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE RATE CORRESPONDENCE CHARGE PER LESSON FLIGHT TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS CORRESPONDENCE: LESSONS SERVICED FLIGHT TRAINING	CHGS LESS THAN 1/2 TIME TOTAL AMOUNT CHGS TO DATE	ENDING DATE LAST DATE LAST DATE	REASON
CERTIFIED FOUND	60	175.00	71 05 04	011	8		504		71 06 16	61
CERTIFIED FOUND	26	230,00	71 09 02	011	8		516		71 12 18	64
CERTIFIED FOUND	60	230.00	72 08 30	011	8		513		72 09 00	
CERTIFIED FOUND	37	298.00	72 09 01	011	8		513		72 12 16	64
CERTIFIED FOUND	60	366.00	75 05 05	011	8		506		75 06 14	64
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22 - 1936
OCT 1973

EXISTING STOCKS OF VA FORM 21E 1936, DEC 1967
WILL BE USED

ACADEMIC
RECORD

FLORIDA JUNIOR COLLEGE
AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

1 of 1	12/12/75		

12/03/46

MALE			06/ /7

TEST INFORMATION:

HIGH SCHOOL
TRANSFER
OTHER

GRADING SYSTEM
GP=GRADE POINTS

CLEP
ADVANCED PLACEMENT
ACT PROGRAM
OTHER EXTERNAL CREDIT

COURSE | T | GRADE | HOURS | GRADE POINTS

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-----WINTER TERM 1970/71 - 01/08/71 TO 04/29/71--
MIN    116 D S01 PRIN INSURANCE       C  30  30  30  60
BMC    211 D S01 PRIN MANAGEMENT      C  30  30  30  60
PSY    105 P S08 GNRL PSYCHOLOGY      C  30  30  30  60
SC     103 P S03 LFE IN PHY ENVI T    D  30  00  00  00
                 FJC TERM TOTALS GPA=2.00    90  90 180

-----SPRING TERM 1970/71 - 05/06/71 TO 06/16/71--
PEC    131 P P02 ARCHERY              B  10  10  10  30
PSY    101 P P01 HUMAN RELATIONS      C  30  30  30  60
                 FJC TERM TOTALS GPA=2.25    40  40  90

-------FALL TERM 1971/72 - 09/02/71 TO 12/17/71--
BAC    201 D P03 PRINC ACCTNG 1       F  30  00  30  00
GS      95 P C02 GUIDE STUDI MAT      X  30  00  00  00
HS     203 P C08 HUMANITIES           F  40  00  40  00
PLS    201 P C03 AMER FED GOVT        F  30  00  30  00
SC     105 P C05 LFE IN PHY ENVI T    F  30  00  00  00
                 FJC TERM TOTALS GPA=0.00    00 100  00
PLACED ON ACADEMIC PROBATION 12/17/71

-------FALL TERM 1972/73 - 08/30/72 TO 12/15/72--
BIO    101 P C04 LIFE IN BIO ENV      F  30  00  30  00
HIS    205 P C02 U S HISTORY 2        F  30  00  30  00
HUM    202 P C04 HUMANITIES           F  40  00  40  00
PHS    102 P C01 LIF IN PHY ENVI R    F  30  00  30  00
                 FJC TERM TOTALS GPA=0.00    00 130  00

-----SPRING TERM 1974/75 - 05/05/75 TO 06/13/75--
HUM    216 P C01 INTL UNDERSTN 3      A  30  30  30 120
MAT    119 P C02 ELEMEN ALGEBRA      IF  30  00  30  00
                 FJC TERM TOTALS GPA=2.00    30  60 120

TOTALS      HOURS ATT----EARNED Q.PTS    GPA
FJC CUMULATIVE      42.0   16.0   39.0   0.93
ALL COLLEGE CUM.    42.0   16.0   39.0   0.93
AA FJC DEG. CUM.    41.0   15.0   36.0   0.88
AA DEGREE CUM.      41.0   15.0   36.0   0.88
PROGRAM OF STUDY - AA BUSINESS ADMIN
*****************************************************
                  END OF GRADE HISTORY
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COURSE | T | GRADE | HOURS | GRADE POINTS

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE 1 4 9244 10	OBJECTIVE CODE 011	FILE NO.	REQUESTING RO 317
NAME OF STUDENT OR TRAINEE [redacted]	RO FOLDER JURIS 317	CHAPTER 34	PERIOD COVERED BY SURVEY

NAME AND ADDRESS OF FACILITY
FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE RATE / CORRESPONDENCE CHARGE PER LESSON / FLIGHT TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS / CORRESPONDENCE: LESSONS SERVICED	RESIDENCE TRAINING: CHGS LESS THAN 1/2 TIME / CORRESPONDENCE: TOTAL AMOUNT / FLIGHT TRAINING: CHGS TO DATE	RESIDENCE TRAINING: ENDING DATE / CORRESPONDENCE: LAST DATE / FLIGHT TRAINING: LAST DATE	REASON
CERTIFIED FOUND	37	261.00	72 09 01	012	8		514		73 05 00	
CERTIFIED FOUND	70	196.00	73 05 01	012	8		504		73 06 18	
CERTIFIED FOUND	70	261.00	73 06 19	012	8		504		73 07 23	
CERTIFIED FOUND	24	298.00	73 07 24	012	8		512		73 08 04	61
CERTIFIED FOUND	60	298.00	73 08 30	012	8		512		74 05 01	64
CERTIFIED FOUND	60	298.00	74 08 29	011	8		512		74 09 00	
CERTIFIED FOUND	37	366.00	74 09 01	011	8		512		75 04 30	65
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22-1936
OCT. 1973

EXISTING STOCKS OF VA FORM 21-1936, DEC. 1967
WILL BE USED

PERMANENT ACADEMIC RECORD

FLORIDA JUNIOR COLLEGE

AT JACKSONVILLE
JACKSONVILLE, FLORIDA 322[illegible]

1 OF 2 12/12/75

06/20/47

MALE 06/ /69

TEST INFORMATION:

GRADING SYSTEM

GP-GRADE POINTS

———FALL TERM 1969/70 - 08/28/69 TO 12/19/69———										
EH	101	P	A13	ENG COMPOSITION		B	[illegible]	3	30	9
MS	105	P	A04	COLLEGE ALGEBRA		C	[illegible]	3	30	6
PSY	105	P	A01	GNRL PSYCHOLOGY		B	[illegible]	3	30	9
SC	103	P	A08	LFE IN PHY ENVI		B	[illegible]	3	30	9
SLS	101	P	A12	ORI AMER SOCITY		C	[illegible]	3	30	6
				FJC TERM TOTALS	GPA=2.60			15	15	39
———WINTER TERM 1969/70 - 01/0[illegible]/70 TO 0[illegible]/01/70———										
EH	102	P	S02	ENG COMPOSITION		C	[illegible]	3	30	6
SC	102	P	S03	LFE IN PHY ENVI		B	[illegible]	3	30	9
SC	104	P	T01	PRIN BIOLOGY		B	[illegible]	4	40	12
SCH	105	P	S01	FUND OF SPEECH		D	[illegible]	3	30	3
SLS	102	P	S04	ORI AMER SOCITY		C	[illegible]	3	30	6
				FJC TERM TOTALS	GPA=2.25			16	16	36
———WINTER TERM 1970/71 - 01/06/71 TO 0[illegible]/29/71———										
BAN	101	D	S04	INTRO BUSINESS		B	[illegible]	3	30	9
BAN	125	D	S02	BUSINESS LAW		B	[illegible]	3	30	9
BMG	211	D	S01	PRIN MANAGEMENT		B	[illegible]	3	30	9
MS	127	P	S01	ELEMEN STATISTC		WP	[illegible]	0	00	0
				FJC TERM TOTALS	GPA=3.00			9	9	27
———SPRING TERM 1970/71 - 05/04/71 TO 0[illegible]/16/71———										
MS	203	P	C01	HUMANITIES		C	[illegible]	4	40	8
				FJC TERM TOTALS	GPA=2.00			4	40	8
———WINTER TERM 1971/72 - 01/10/72 TO 0[illegible]/21/72———										
BAC	201	D	S03	PRIN ACCTNG 1		WP	[illegible]	00	00	00
BAN	125	D	S02	BUSINESS MATH		WP	[illegible]	00	00	00
BIN	116	D	S01	PRIN INSURANCE		WP	[illegible]	00	00	00
PSY	209	P	S01	EDUC PSYCHOLOGY		WP	[illegible]	00	00	00
				FJC TERM TOTALS	GPA=0.00			00	00	00
———FALL TERM 1972/73 - 08/30/72 TO 12/15/72———										
AAC	160	D	T01	GENRL ACCTNG 1		F	30	00	30	00
AAC	260	D	S04	PRINC ACCTNG 1	T	F	30	00	00	00
[illegible]CR	260	D	T01	PRIN FINANCE		F	30	00	30	00
[illegible]S	101	P	T01	WESTERN CIV 1		F	30	00	30	00
[illegible]	202	P	T01	HUMANITIES	T	F	40	00	00	00
				FJC TERM TOTALS	GPA=0.00			00	90	00
WINTER TERM 1972/73 - 01/0[illegible]/73 TO 04/19/73———										
AAC	260	D	T01	PRINC ACCTNG 1	R	F	30	00	30	00
INS	161	D	T01	PRIN INSURANCE		F	30	00	30	00
RES	141	D	D01	REAL ES PRN PRC		F	30	00	30	00
RES	142	D	D01	REAL ES LIC LAW		F	30	00	30	00
				FJC TERM TOTALS	GPA=0.00			00	120	00
———SPRING TERM 1972/73 - 04/27/73 TO 06/12/73———										
HUM	202	P	P01	HUMANITIES	R	F	40	00	40	00
				FJC TERM TOTALS	GPA=0.00			00	40	00
———SUMMER TERM 1972/73 - 06/19/73 TO 08/03/73———										
APM	141	D	T01	BUSINESS MATH		F	30	00	30	00
POS	205	P	T01	STATE & LCL GOV		F	30	00	30	00
				FJC TERM TOTALS	GPA=0.00			00	60	00
———FALL TERM 1973/74 - 08/30/73 TO 12/19/73———										
ECY	201	P	T01	ECOLOGCL CRISIS		WP	30	00	00	00
GLY	101	P	T01	PHYSICAL GELOGY		WP	30	00	00	00
IEL	142	D	P01	DC THEORY CIRCU		F	30	00	30	00
IEL	285	D	P01	ELECTRONICS 1	T	F	30	00	00	00
				FJC TERM TOTALS	GPA=0.00			00	30	00
———WINTER TERM 1973/74 - 01/08/74 TO 04/30/74———										
APM	161	D	P01	TECHNICAL MAT 2	T	F	30	00	00	00
IEL	143	D	P01	AC THEORY CIRCU		F	30	00	30	00
IEL	285	D	P01	ELECTRONICS 1	T	F	30	00	00	00
IEL	286	D	P01	ELECTRONICS 2		F	30	00	30	00
				FJC TERM TOTALS	GPA=0.00			00	60	00
———FALL TERM 1974/75 - 08/29/74 TO 12/18/74———										
AAC	260	D	T03	PRINC ACCTNG 1		WP	30	00	00	00
ENG	105	P	T02	COMM FR TDS WLD		WP	30	00	00	00
GEO	110	P	T01	WORLD GEOGRAPHY		WP	30	00	00	00
INS	161	D	T01	PRIN INSURANCE		WP	30	00	00	00
				FJC TERM TOTALS	GPA=0.00			00	00	00
———WINTER TERM 1974/75 - 01/07/75 TO 04/2[illegible]/75———										
APM	161	D	S50	TECHNICAL MAT 2	R	F	30	00	30	00
ENG	104	P	N24	COMM FR TDS WLD		WP	30	00	00	00
IEL	140	D	N01	FUND GEN ELECT		F	30	00	30	00
IEL	285	D	N02	ELECTRONICS 1	R	F	30	00	30	00
				FJC TERM TOTALS	GPA=0.00			00	90	00

1930

PERMANENT
ACADEMIC
RECORD

FLORIDA JUNIOR COLLEGE

AT JACKSONVILLE
JACKSONVILLE, FLORIDA 32205

2 OF 2 | 12/12/75

MALE | 06/ /65

06 /20 /47

TEST INFORMATION:

GRADING SYSTEM

GP=GRADE POINTS

T

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TOTALS       HOURS ATT----EARNED Q.PTS         GPA
FJC CUMULATIVE     93.0     44.0   110.0     [illegible]18
ALL COLLEGE CUM.   93.0     44.0   110.0     [illegible]18
AA FJC DEG. CUM.   90.0     44.0   110.0     [illegible]22
AA DEGREE CUM.     90.0     44.0   110.0     [illegible]22
PROGRAM OF STUDY - AA BUSINESS ADMIN
*****************************************************
             END OF GRADE HISTORY
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[redacted]

COMPLIANCE SURVEY WORKSHEET FOR STUDENTS PURSUING TRAINING UNDER CHAPTER 34 OR 35

FACILITY CODE 1 4 9244 10	OBJECTIVE CODE 041	FILE NO.	REQUESTING RO 317
NAME OF STUDENT OR TRAINEE [redacted]	RO FOLDER JURIS. 317	CHAPTER 34	PERIOD COVERED BY SURVEY

NAME AND ADDRESS OF FACILITY

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE
JACKSONVILLE

	REASON	RESIDENCE RATE CORRESPONDENCE CHARGE PER LESSON FLIGHT TOTAL COST	EFFECTIVE DATE	COURSE CODE	TYPE TRNG	DAYS PER WEEK	RESIDENCE TRAINING: HOURS CORRESPONDENCE: LESSONS SERVICED FLIGHT TRAINING	RESIDENCE TRAINING: CHGS. LESS THAN 1/2 TIME CORRESPONDENCE: TOTAL AMOUNT FLIGHT TRAINING: CHGS. TO DATE	RESIDENCE TRAINING: ENDING DATE CORRESPONDENCE: LAST DATE FLIGHT TRAINING: LAST DATE	REASON
CERTIFIED FOUND	00	224.00	73 08 30	011	8		509		73 12 20	64
CERTIFIED FOUND	60	224.00	74 01 08	011	8		507		74 04 20	64
CERTIFIED FOUND	60	149.00	74 08 29	011	8		506		74 09 00	
CERTIFIED FOUND	37	182.00	74 09 01	011	8		506		75 01 06	
CERTIFIED FOUND	70	275.00	75 01 07	011	8		509		75 04 30	61
CERTIFIED FOUND	60	366.00	75 08 27	011	8		512		76 07 31	61
CERTIFIED FOUND										
CERTIFIED FOUND										
CERTIFIED FOUND										

ABSENCES

	CALENDAR YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													
CERTIFIED FOUND													

VA FORM 22 1936
OCT. 1973

EXISTING STOCKS OF VA FORM 21E 1936, DEC 1967 WILL BE USED

ACADEMIC RECORD

FLORIDA JUNIOR COLLEGE
AT JACKSONVILLE
JACKSONVILLE, FLORIDA 3220[illegible]

1 of 1 | 12/12/75

[redacted]

03/09/48

[redacted]

MALE

06/ /

[redacted]

TEST INFORMATION:

GRADING SYSTEM

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EQUIVALENCY         MICHIGAN STAT
AAC    260 D        AFA    57   (01)     C   20  20  20   4
NO   EQUIV P        AT     53   (01)     C   20  20  20   4
NO   EQUIV P        ATL    51   (01)     C   20  20  20   4
NO   EQUIV P        ATL    52   (01)     B   20  20  20   6
CHE  ELECT P        BCH    51   (01)     C   27  27  27   5
BOT  ELECT P        BOT    51   (01)     F   20  00  20
BOT    101 P        BOT    53   (01)     C   20  20  20   4
NO   EQUIV P        ENT    51   (01)     C   20  20  20   4
NO   EQUIV P        FOR    52   (01)     D   20  20  20   2
NO   EQUIV P        HRT    66   (01)     C   20  20  20   4
NO   EQUIV P        HRT    68   (01)     C   20  20  20   4
NO   EQUIV P        HRT    69   (01)     C   20  20  20   4
NO   EQUIV P        HRT    70   (01)     C   20  20  20   4
NO   EQUIV P        HRT    71   (01)     C   13  13  13   2
ECY  ELECT P        HRT    72   (01)     C   20  20  20   4
NO   EQUIV P        HRT   54A   (01)     P   00  00  00   00
NO   EQUIV P        HRT   54B   (01)     P   00  00  00   00
NO   EQUIV P        HRT   55A   (01)     P   00  00  00   00
NO   EQUIV P        HRT   55B   (01)     P   00  00  00   00
NO   EQUIV P        HRT   65A   (01)     A   07  07  07   2
NO   EQUIV P        HRT   65B   (01)     A   07  07  07   2
NO   EQUIV P        LA     54   (01)     D   20  20  20   2
NO   EQUIV P        LA    56A   (01)     C   13  13  13   2
NO   EQUIV P        LA    56B   (01)     B   13  13  13   3
GME    161 D        MTA    58   (01)     D   20  20  20   2
GME    176 D.       MTA    59   (01)     D   20  20  20   2
NO   EQUIV P        SC     54   (01)     B   13  13  13   3
NO   EQUIV P        SLS    51   (01)     C   20  20  20   4
 TOTALS MICHIGAN STAT          HOURS EARNED=  41.3
HOURS ATTEMPTED= 43.3,QUALITY PTS= 82.0,GPA=1.89

EQUIVALENCY         ST CLAIR COUN
SAN    160 D        BUS    50   (02)     B   40  40  40  120
ENG    101 P        ENG   101   (02)     C   30  30  30   60
SOC    201 P        SOC   101   (02)     F   30  00  30   00
 TOTALS ST CLAIR COUN          HOURS EARNED=   7.0
HOURS ATTEMPTED= 10.0,QUALITY PTS= 18.0,GPA=1.80

    ---FALL TERM 1973/74 - 08/30/73 TO 12/19/73---------
       101 P D01 COLLEGE MATH             WP  30  00  00  00
       111 P D01 GNRL PSYCHOLOGY          WP  30  00  00  00
           P D01 ORI AMER SOCITY          NP  30  00  00  00
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                       FJC TERM TOTALS GPA=0.00      00    00
------WINTER TERM 1973/74 - 01/08/74 TO 04/30/74-------------
PSY    111 P D01 GNRL PSYCHOLOGY          WP  30     00    00
SPE    110 P D01 FUND OF SPEECH           WP  30     00    00
SSS    101 P D01 ORI AMER SOCITY          WP  30     00    00
                       FJC TERM TOTALS GPA=0.00      00    00
------SPRING TERM 1973/74 - 05/06/74 TO 06/14/74-------------
FCR    260 D D01 PRIN FINANCE             NP  30     00    00
                       FJC TERM TOTALS GPA=0.00      00    00
---------FALL TERM 1974/75 - 08/29/74 TO 12/18/74------------
SPE    110 P 003 FUND OF SPEECH           IF  30     00    30
SSS    101 P D01 ORI AMER SOCITY          NP  30     00    00
                       FJC TERM TOTALS GPA=0.00      00    30
---------WINTER TERM 1974/75 - 01/07/75 TO 04/29/75----------
GEO    110 P C04 WORLD GEOGRAPHY          NP  30     00    00
MAG    162 D C01 PRIN MARKETING           NP  30     00    00
PSY    111 P C11 GNRL PSYCHOLOGY          NP  30     00    00
                       FJC TERM TOTALS GPA=0.00      00    00
TOTALS        HOURS ATT-----EARNED Q.PTS       GPA
FJC CUMULATIVE       3.0      0.0     0.0      0.00
ALL COLLEGE CUM.    56.3     48.3   100.0      1.78
AA FJC DEG. CUM.     3.0      0.0     0.0      0.00
AA DEGREE CUM.      25.7     17.7    37.4      1.46
---------FALL TERM 1975/76 - 08/27/75 TO 12/19/75------------
            *CURRENTLY ENROLLED*
AAC    260 D F01 PRINC ACCTNG I            W  30
ECO    210 P C40 PRIN ECONOMICS               30
ENG    100 P C22 INTR TO COMM                 30
GEO    220 P C20 CONSER RESOURCS              30
                                    TOTAL 120
PROGRAM OF STUDY - AA BUSINESS ADMIN
*************************************************************
                END OF GRADE HISTORY
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1933

Mr. Meadows [staff director]. Now, Mr. Wilson, having seen these transcripts, can you assure the subcommittee that your new policies and regulations will put a stop to this sort of thing?

Mr. Wilson. I would be pleased to offer anything that we can.

Mr. Wylie. Could you yield on that, could you tell us for the record or put in the record, what is the frequency of compliance surveys turned out by the Veterans' Administration to determine if a given school is in compliance with the reporting requirements.

Mr. Wilson. Yes, sir, in institutions, where there are more than 300 students, that would be once a year.

In institutions, less than 300, it would be something less than that.

I might mention something brought to my attention this morning. Some people at schools have suggested to us the possibility that these would be private people called veteran program coordinators, they are under the HEW umbrella, and they are on the school payrolls really, they have suggested a possibility that they might do some precompliance surveys of their own, trying to make sure the school record between our compliance surveys are in good shape and appropriate certifications take place.

If this idea comes into full being, I think it might be helful if I am hearing it correctly.

Mr. Wylie. I think it might be too.

How about following up of those compliance surveys, sending them out is one things, but receiving them back is something else, and apparently there has been some breakdown in the sending of the information back procedure.

Mr. Wilson. We do followup on them, sir. In instances where there are significant problems referred to our attention, the followup is much more pronounced than in other cases, but there is a followup procedure to correct discrepancies, matters are referred to State approval agencies, and we do ask State approval agencies to inquire into situations, and report to us generally back within 30 days.

Mr. Mottl. On behalf of the subcommittee, we would like to thank you, Mr. Wilson, and your colleagues, for your testimony, and we would like to ask you at some later time to come back, and to update your materials for the record, and I would like to announce as the chairman of this subcommittee, that we will start meeting twice a week starting next week on Tuesday and Wednesday, at 10 o'clock, so hopefully, we can complete our hearings in the next several weeks.

Mr. Wilson. We will be happy to help in any way we can.

Mr. Mottl. The subcommittee will now stand adjourned.

[Whereupon, the subcommittee was adjourned at 12 o'clock noon.]

OVERPAYMENTS AND ENFORCEMENT OF STANDARDS IN THE VETERANS' EDUCATION PROGRAM

THURSDAY, MAY 6, 1976

House of Representatives,
Subcommittee on Education and Training of the
Committee on Veterans' Affairs,
Washington, D.C.

The subcommittee met, pursuant to notice at 10 a.m. in room 334, Cannon House Office Building, The Honorable Ronald M. Mottl, chairman of the subcommittee, presiding.

Mr. Mottl. The subcommittee will now come to order.

Indications from the previous witnesses are that most of the overpayments and enforcement of standards problems have occurred at community colleges. We are privileged, therefore, to have with us today a member of the board of directors of the National Association of Community and Junior Colleges, who is a good friend and a highly respected educator, the president of Cuyahoga Community College in Cleveland, Ohio, Dr. Noel M. Ellison.

May I also say that Dr. Ellison is not only one of the great educators of our time, but he is a former all-American basketball player at the University of Kansas, and we are still looking forward to a one-on-one game. So, we are delighted to have you with us, Dr. Ellison.

In addition, we will be hearing from representatives of the State approving agencies which the Veterans' Administration relies upon to approve institutional courses for the veterans; and the American Association of Minority Veterans' program administrators; and veterans' organizations.

So the first two witnesses we will have are Dr. John E. Tirrell, accompanied by Dr. Nolen Ellison, president of Cuyahoga Community College. You gentlemen may proceed as you wish.

STATEMENT OF DR. JOHN E. TIRRELL, VICE PRESIDENT FOR GOVERNMENTAL AFFAIRS, AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES, WASHINGTON, D.C.; ACCOMPANIED BY DR. NOLEN M. ELLISON, PRESIDENT, CUYAHOGA COMMUNITY COLLEGE, CLEVELAND, OHIO

Dr. Tirrell. Thank you, Mr. Chairman and members of the subcommittee.

As you indicated, my name is John Tirrell. I am vice president for governmental affairs of the American Association of Community and Junior Colleges. Last fall, our institutions enrolled over 4 million credit students, and of those, about 600,000 were veterans receiving educational benefits.

With the permission of the chairman, I would like to put in the record the formal statement of the association and then introduce your friend, since both of you serve the same constituency, Dr. Ellison, and then, if I could, help in any questions that the committee might have.

Mr. MOTTL. Without objection, your formal statement will be entered into the record; and hearing no objections, so ordered.

[The prepared statement of Dr. John Tirrell follows:]

TESTIMONY OF DR. NOLEN M. ELLISON PRESIDENT CUYAHOGA COMMUNITY COLLEGE CLEVELAND, OHIO AND DR. JOHN E. TIRRELL, VICE-PRESIDENT FOR GOVERNMENTAL AFFAIRS, AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES, WASHINGTON, D.C.

Mr. Chairman and members of the subcommittee: My name is John E. Tirrell, Vice President for Governmental Affairs of the American Association of Community and Junior colleges. AACIC represents over 1000 institutions that last fall enrolled over 4,000,000 credit students, including about 600,000 veterans receiving educational benefits. With the permission of the Chairman, I would like to do three things this morning. First, submit a written statement for the record. Second, introduce a member of our Board of Directors to make a formal statement and third, assist in answering any questions the Subcommittee might pose.

If that is agreeable, I will give the formal statement to the recorder for the record.

Mr. Chairman, the official representative of AACJC this morning is no stranger to you, since you both serve the same constituency. Dr. Nolen Ellison is the President of Cuyahoga Community College that serves over 30,000 students in the Cleveland, Ohio metropolitan area. As you know, I could take considerable time to list his many accomplishments but let me just mention one to indicate his recognition as a national leader in higher education—that is, his membership on the Carnegie Council on Policy Studies in Higher Education. Dr. Nolen Ellison.

For the record

AACJC has followed these hearings closely and of course like you we have been shocked by some of the "horror stories" presented by the VA. We, of course, do not condone or approve of faculty members enrolling in their own courses, staff members requesting payment for tutorials not given, or any action that is not within the rules and regulations of the college for all students. Most of our institutions have a Board, usually elected by the local citizens, who establish the policies for spending local tax funds, funds appropriated by the State legislature and the small amounts that come from federal grants and contracts. (As you know these VA educational benefits go the veteran, not the college, as do other large amounts of federal student aid).

But, as we listened to the VA and GAO representatives testify, we were struck with the following:

1.—The number of one of a kind cases, that were not part of an overall pattern.

2.—That a significant number of problems were in the VA (about 38% by the GAO Report).

3.—That advance and prepayment was a significant cause of problems (21% by GAO calculations).

4.—The crucial relationship is between the VA and the Veteran—institutions that only get $3 per veteran for processing forms cannot legally or in any major way be expected to divert funds to manage the VA program.

5.—Most importantly, that 95% of the veterans are using the GI Bill correctly.

6.—Only 5% of veterans are having overpayment problems. With the normal procedures developed over the last 25 years, 80% of the overpayments are being recovered, leaving the problem at only about 2% of the VA educational benefits.

It is clear to AACJC that the VA should concentrate their efforts to restrain that 5 percent of the Veterans using loopholes and recover, if possible, the 2 percent of unrecovered funds—but without endangering the excellent program for 95 percent of the Veterans and going beyond their legal authority and invading the academic integrity and constitutional and legal rights of the institutions.

Quite frankly, for Congress, or even this Subcommittee, to even consider legislation in the matter of "w" grades, and the like, is ridiculous. The higher education community is resisting the increasing federal intervention in their affairs, as are most citizens across the country. This Subcommittee might read carefully page 13 of the House Education and Labor Committee *Report* on H.R. 12851 in the General Provisions for the $2 billion federal student aid program. To quote in part:

"* * * Satisfactory progress is to be measured by the institution according to its own standards. There is no intention to impose a federal standard to measure satisfactory academic progress, and the bill provides this determination is to be left solely in the province of the educational institution which the student is attending."

Summary of the problems placed before this Subcommittee

1.—Many are caused by advance and prepayment (this is mandated in the law and Congress could remove—the higher education community when asked to cooperate on this indicated it was "an invitation to mischief").

2.—Reporting of last date of attendance (the higher education community has cooperated with the VA and satisfactory solutions have been developed).

3.—Grading procedures (these are institutional policies and a number of institutions, especially with non-traditional programs, vary from the standard A. B. C.).

4.—Withdrawal policies (again these are institutional and must apply equally to all students).

5.—Standards of progress (for 25 years, and for 95% of the veterans now these seem acceptable but AACJC and the higher education community is willing to put peer pressure on the *few* that permit abuses).

6.—Excessive VA regulations, bulletins and directives (most colleges do not have and cannot keep up with thousands of rules, regulations, and directives and in particular when they are asked to do the VA's job).

7.—Requests to discriminate against veterans by treating them differently than other students (the higher education community is adamant that they will *not* treat veterans apart from other students, particularly since the Vietnam veteran is already getting questionable treatment from other parts of our society because of an unpopular war—we did not win).

Conclusions

The Congress since World War II has provided special access for veterans to opportunities for higher education. This has not only been a wise philosophical commitment but a prudent economic investment since a Treasury study has shown the Vets return 3 to 4 times their educationl benefits in increased taxes. The 1975 Annual Report of the VA again pointed with considerable pride to the increased earning power of the veteran.

The Congress in other recent legislation has authorized and appropriated large sums to provide access to a wider segment of our citizens. As a part of this philosophy of our American society, recognized in law by Congress, the 1000 Community Colleges of this country have as an objective "Universal Opportunity" and most have an "open-door" policy. We would strongly urge this Subcommittee to carefully weigh these overriding beliefs of our citizens, and other actions taken by Congress, in reacting to the documented small numbers who have abused their G.I. educational benefits.

We agree with Congressman Holland's statement at your April 29 hearing that more laws are probably not needed "the spirit of the law is clear."

The problem is between the VA and the veteran. The colleges are only given $3 per veteran per year (on a count as of one date in the year) to complete the increasing volume of VA forms. (Another dollar is given if the college processes advance payment). In the community and junior colleges with low or no tuition very little of the veteran's education benefits go to the college. Mr. Rufus Wilson of the VA on April 29 before this Subcommittee indicated that the VA was spending over $6 per veteran in investigating overpayments. It might be a better investment to put some of that money into the college to prevent overpayments rather than enlarge the staff of the VA to "chase" those overpayments.

The payment by the VA of $3 per veteran receiving benefits at the college has been in effect for 8 years. With tight budgets the colleges cannot divert funds (local or state taxes, or other students' tuition) to do the VA job. Other federal student financial aid programs have recognized this in the past—and increased in current legislation before the Congress. For example:

1.—At present, 3% of the Supplemental Educational Opportunity Grants, College Work Study and National Direct Student loan funds can now be used for financial aid administration on the campus—and the current House bill increases this to 5%.

2.—The current Senate bill provides $15 to the college for each BEOG recipient.

3. The current Senate bill provides $10 to the college for each GSL recipient.

With these benchmarks of assistance for students with federal support, the VA forms might be considered even more of an imposition.

A constructive action by this subcommittee would be a recommendation to increase the $3 to a more reasonable figure in 1976 such as $15 per year for each veteran processed.

We believe, Mr. Chairman, the excellent system developed with the cooperation of the VA and the educational institutions over the last 25 years needs a fine tuning not massive legislative changes. The past two years have seen substantial unemployment and other economic problems that may have provided the motivation for a small percentage of ex-G.I.'s to seek bread for their table by finding loopholes in VA and institutional regulations.

The VA has over 1200 full-time "Vet Reps" on campuses—regularly visiting over 4300 institutions. This is on the basis of one day per week for each 100 veterans. We are at a loss to understand why the VA "Vet Reps" cannot assist in solving most of the problems.

AACJC recommends more creative and cooperative uses of current laws, regulations and manpower available—that are serving 95% of the veterans well. Rather than attempting a radically different system that might bring an expansion to all parts of the country of isolated examples of veterans starting lawsuits, or demonstrations in front of local federal buildings, an objective unemotional review of the facts suggest a "fine tuning" of the current successful system.

Mr. Chairman, we have some attachments that may be of interest to the Subcommittee in their deliberations and I hope you will note that the figures and contents buttress our contentions in the testimony.

We appreciate your time and attention and would be willing to respond to any questions you might have.

ATTACHMENT A

AACJC SPOT CHECK ON VA OVERPAYMENTS, APR. 30, 1976

Institution	Total enrolled	Vets on benefits	Overpayments	Number	Amount	School billed	Comments
Rhode Island Community College.	7,000	1,000	None	0	0	0	Notify VA 4 times per year.
Dallas, Tex. Community College District.	33,000	6,700	Yes	106	$64,300	Yes[1]	6 full-time veteran reps.
Monroe, N.Y. Community College District.	9,000	1,400	Yes	5	3,500	Yes[1]	On appeal; college did not have to pay.
Mohegan, Conn. Community College.	1,700	401	Yes	2	?	No	2 letters from VA.
St. Louis, Mo. Community College District.	28,000	6,300	Yes	81	80,000	$12,000[1]	VA reduced by $68,000.
Thomas Nelson Community College.	4,000	1,790	Yes	11	12,965	No[1]	
Eastern Iowa Community College.	1,800	137	Yes	1	1,250	No[1]	
Kansas City, Mo. Community College.	3,000	700	Yes	?	?	No	Matter greatly exaggerated.
Niagara, N.Y. Community College.	4,157	727	Yes	70	7,000	No	
Illinois Eastern Community College.	3,475	734	Yes	21	7,350	No	
University of Kentucky—Community College at Elizabethtown.	1,171	351	Yes	?	?	No	
Total		20,240			[2] 190,000		

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[1] Reported college and veteran notified at the same time.

[2] Estimate.

[Veterans' Administration submitted the following statement for the record:]

We have reviewed the statement of April 30, 1976 of Dr. John E. Tirrell of the American Association of Community and Junior Colleges. Attachment A to that statement purports to be a spot check on VA overpayments. Apparently it is actually a spot check on final school liability determinations. For example, the first institution listed, Rhode Island Junior (Community) College, as of March 31, 1976, had 151 overpayments outstanding. This represented $43,477. The school had not been charged with liability.

AACJC SPOT CHECK ON VA OVERPAYMENTS, APR. 30, 1976

Institution	Total enrolled	Vets on benefits	Overpayment Listing	Number	Amount	School billed	Comments
Rhode Island Junior Community College.	7,000	1,112	Yes	151	$43,477	No	Ratio of OP to enrolled 13.6 percent. Notify VA 4 times per year.
Dallas, Tex. Community College District.	33,431	8,042	Yes	321	178,183	Yes [1]	6 full-time veteran representatives.
Monroe, N.Y. Community College District.	9,000	1,400	Yes	5	3,500	Yes [1]	On appeal; college did not have to pay.
Mohegan, Conn. Community College.	1,700	425	Yes	1	?	No	2 letters from VA.
St. Louis, Mo. Community College District.	28,000	6,300	Yes	81	80,000	$12,000 [1]	VA reduced by $68,000.
Thomas Nelson Community College.	4,000	1,790	Yes	11	12,965	No [1]	
Eastern Iowa Community College,Scott Community College.	2,550	804	Yes	4	607,597	1,843 [2]	
Kansas City, Mo. Community College.	3,000	700	Yes	?	?	No	Matter greatly exaggerated.
Niagara, N.Y. Community College.	4,157	727	Yes	1	7,000	No	
Illinois Eastern Community College.	3,475	734	Yes	21	7,350	No	
University of Kentucky—Community College at Elizabethtown.	1,171	351	Yes	?	?	No	
		20,240			[3] 190,000		

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[1] Reported college and veteran notified at the same time.

[2] Currently.

[3] Estimate.

ATTACHMENT B

THE CITRUS (CALIFORNIA) COLLEGE CASE

(Digested From Court Records by David Sprenkle)

The Citrus College case provides an useful illustration of the need for better and more open communication between the Veterans Administration and colleges. We are not saying the college is without fault in this case, but we are saying that the VA is not without fault.

Citrus College previously had visits from the State Approving Agency without any mention of major deficiencies. According to the VA statements before this Subcommittee on March 18, 1975, the Los Angeles Regional Office conducted a compliance survey. The VA indicated they discussed noted discrepancies with "a school official." (The College President indicated they were not told of any discrepancies after the March 18, 1975 compliance survey.) On October 21, 1975 a follow-up review took place and "a school official" was informed of continued discrepancies.

The college was given a list of discrepancies on Friday, December 5, 1975. The College asked the VA not to send letters to the veterans until the College had an opportunity to clarify individual problems with the VA. On Monday, December 8, 1975 the College hand-carried its written request to withhold letters to veterans. From the College's viewpoint it should be noted that the problems indicated on the list of discrepancies were for currently enrolled veterans, but they related to situations from prior semesters when the College had never been informed of any major discrepancies.

On December 5, 1975 the VA suspended benefits to over 1000 veterans where their entitlement to prior, and in many cases, future, educational benefits were in question or doubt, until the VA's questions or doubts raised by the audit were resolved. In its first communication, oral or written, to the veterans, the VA suspended their educational benefits. The first letters suspending benefits were received by veterans on Tuesday, December 9, 1975.

After the benefits were suspended for 1000 veterans, the College and the VA the entered into meaningful dialogue, both oral and written. As the result of their discussions the College clarified many of the concerns of the VA. Prior to the first of February 1976, the VA reinstated benefits for approximately 600 veterans. This is approximately a 60% error in wrongfully discontinuing educational benefits to the veterans by the compliance survey team. Of the remaining 40% of the cases, 79 veterans did not return to school in February, approximately 125 veterans transferred to other colleges and the status of the approxmiately 200 remaining veterans is unknown. The 200 unresolved cases represents 8% of the total veterans enrolled at Citrus College.

Veterans at Citrus College brought legal action against the VA and the College to hold pre-termination hearings. Federal District Judge Irving Hill in his Findings of Facts found that the veterans were making "normal progress" under Citrus College's guidelines, that the veterans failed to receive adequate prior notice, or the opportunity to contest the VA action, that no "probable cause" hearings were held or offered and that the veterans were not permitted to submit additional information to the VA prior to the suspension action. Judge Hill further indicated that the veterans would suffer irreparable injury and harm in their financial, economic and educational future if the status quo ante were not maintained. Additionally, Judge Hill indicated that the failure to issue a preliminary injunction could work a statutory forfeiture of the veterans eligibility rights because their eligibility for educational benefits is limited to 10 years from the release from active military services.

The Court concluded in its Preliminary Injunction that the veteran should be offered the following procedural safeguards:

1. Advance written notice from the VA of at least thirty days describing in detail the precise reason for the intended termination of future payment of benefits.

2. Opportunity, prior to termination by the VA, to question and contest the termination decision, including the following rights:

    (a) the right of the recipient, during the pre-deprivation notice period to see the evidence contained in his VA file;

    (b) the right of the recipient, during the pre-deprivation notice period to submit written materials to the VA contesting the facts and/or law which underly the intended termination.

3. An in-person interview with a VA representative if requested by the recipient, to discuss the matters in controversy, during the pre-deprivation notice period.

It seems apparent that with more open, complete and written communication between the VA, the veteran and the College, this lawsuit would not exist today.

ATTACHMENT C

FLORIDA JUNIOR COLLEGE AT JACKSONVILLE,
Jacksonville, Fla., April 30, 1976.

INSTITUTIONAL PROBLEMS RELATING TO ADMINISTRATION OF VETERANS' EDUCATIONAL ASSISTANCE

Title 38, United States Code, "Veterans' Benefits", Public Law 85–857, is a codification of laws in the field of veterans' affairs. The parts of this Title which have the most impact on institutions of higher learning are:

Chapter 31—Vocational Rehabilitation.
Chapter 34—Veterans' Educational Assistance.
Chapter 35—War Orphans' and Widows' Educational Assistance.
Chapter 36—Administration of Educational Benefits.

Since the enactment of original "GI Bill" more than thirty years ago, literally scores of new laws and amendments relating to veterans' educational assistance have been enacted by the various Congresses. These various laws have been supplemented by hundreds of pages of administrative regulations promulgated by the Veterans' Administration. The current codification of the laws, contained in

House Committee Reprint No. 167, of December 31, 1974, consists of 570 pages of small print. The implementing instructions contained in VA regulations probably runs to dozens of volumes.

It goes without saying that these laws and regulations are exceedingly complex. For many years it was generally understood by the colleges and universities that eligibility for receipt of veterans' educational assistance was largely a matter between the individual veterans and the Veterans' Administration. It was further understood that the primary responsibility of the institutions was to report the veteran's enrollment. Both the institutions and the VA looked to the veterans student to understand and fulfill his personal obligation to comply with the laws and regulations in such matters as enrolling only in certifiable courses, reporting changes in enrollment, interruptions in training, etc.

This arrangement seems to have operated reasonably well for a number of years, but commencing perhaps two or three years ago, perhaps earlier, abuses began to increase. Analysis of experience in this college leads us to the conclusion that two major factors influenced the increase in improper payments, overpayments, and other abuses.

1. *The nation-wide economic slump.*—In the district served by Florida Junior College at Jacksonville, Duval and Nassau Counties, this factor became operative in late 1974. The unemployment rate shot from 3 or 4% to as high as 12% in a matter of a few months.

2. *A change in attitude of the veterans.*—At some point in time there began to develop among veterans an attitude that entitlement to benefits was a "right" conferred by reason of prior military service, and that the conditions upon which payments were contingent were mere "technicalities." GI Bill benefits were looked upon as just another federal "handout," along with welfare, food stamps, unemployment compensation, etc. There no doubt were many complex variables at work in this equation, among which may have been such things as changing public attitudes, a general lowering of public standards of ethics and morality, the public attitude toward the Vietnam war, and a feeling among some veterans that they had been unfairly singled out by their government and required to make a disproportionate contribution toward the accomplishment of national objectives, with many of which they were not in sympathy.

The general trend toward an increase in the incidence of abuses became apparent to officials of this college about three years ago. Florida Junior College at Jacksonville, at public expense, engaged the services of a consultant, Mr. Charles Latimer, a former employee of the VA, to examine its procedures and its entire performance with respect to veterans' educational benefits. Mr. Latimer's analysis substantiated some of the reports appearing in the national press, reports from our own staff and faculty, and matters being discussed at local, regional and national meetings of various professional educational groups. It should be noted at this point in time we had heard little from the VA itself relating to this problem in terms of tightening procedures, stricter enforcement of regulations, shifts in institutional responsibility, etc.

Largely as a result of the events described above, and in particular from the college-commissioned Latimer study, Florida Junior College at Jacksonville took the initiative and began to take steps towards the reduction of abuses. Our studies included such matters as control of enrollment, attendance, unscheduled interruptions of training, clock-hour limitations, excused absences, academic progress standards, conduct standards, and many others.

It is important to note at this point that Florida Junior College is a very large institution. It served over 75,000 students last year, and the peak veteran population approached 5,000. The sheer administrative task of applying the exceedingly complex VA and college regulations to 5,000 individual veterans staggers the imagination. Take, for example, the communications problem. The only reasonably effective method of communication is the U.S. mail. One mailing to all veterans, even before the recent postal rate increase, cost the college approximately $1,000. Today, with about 3,500 veterans and the higher postal rate, the cost remains about the same. If a problem arises with an individual veteran, simply notifying him to come in for a conference can be costly and time consuming, and in some cases the attempt is not effective. The only reasonably certain response stimulus is when he fails to receive his check, or he receives a letter from the VA advising him that his benefits are to be terminated. How does the college prevent a veteran student in an Associate in Arts degree program from enrolling in an occupational course which is perfectly legitimate from a college standpoint but may not be counted as a part of his VA certification? Simple, one says. Let the computer do it, and indeed, the computer can do it. But the process involves checking each course in which a veteran enrolls against an inventory of several hundred prohibited courses. Even for a $1 million machine, this process takes time, thus slowing down the registration process for all students by increasing computer response time. Such a solution requires increasing the total time scheduled for registration, which increases overall costs significantly. After much study, we believe we have a plan for establishing the necessary controls and at the same time minimizing the deleterious side effects.

Prior to about mid-1975, it was our perception that the VA policy toward these matters was that veterans should be treated as all other students. In other words, no differential standards. This college has never had a mandatory attendance policy in college credit courses. Several years ago academic probation and suspension policies were dropped. These policies were well known to the VA and to the State Approving Agency. Among the individual student records which Florida Junior College at Jacksonville sent to the House Committee on Veterans' Affairs at its request, there undoubtedly are some which will reflect these policies. Some veterans enrolled term after term without making very substantial progress toward their stated educational goals. The point here is that the college knew it, the State Approving Agency knew it, and the VA knew it. Since mid-1975, things have changed. While the VA stoutly maintains that the laws were there all the time (and this is not arguable) the institutional position is that there was little enforcement.

This college accepts the changes. We accept, and in fact applaud, the new regulations, for the most part. It is our contention that we began action in this area before the VA did. We have taken a positive and aggressive stance toward abuses of GI Bill benefits. This college has spent thousands of dollars of public tax monies of the State of Florida to bring about changes. Our standards, for the most part, were developed and effected prior to the times established by the VA. We have terminated hundreds of veteran students, over 1,500 in a single term, Fall, 1975. Our veteran population has been reduced in excess of 25% in six months. The benefits paid to veterans in this college have been reduced over $250,000 per month.

Veterans' problems in this college have not been completely solved, but we are continuing to make substantial progress. Our record speaks for itself.

Dr. TIRRELL. In addition to the many other things that you know, I would like to indicate that Dr. Ellison is a member of the very distinguished Carnegie Council on Policy Studies in Higher Education, and he is here today as a member of the board of directors of our association. As you indicated, since we do enroll the largest percentage of veterans, it might be expected that we have the largest percentage of problems.

Dr. Nolen Ellison.

Dr. ELLISON. Thank you, Jack, for your introduction.

Mr. Chairman and members of the subcommittee, I want to thank you personally and on behalf of the Association of Community and Junior Colleges for the opportunity to be before you this morning to provide information that might assist in reviewing the veterans' program activities in community colleges.

As was indicated by Dr. Jack Tirrell, I would be pleased to respond, with him, to questions at the end of this testimony, specifically, the questions that have tended to focus upon the issues of concern relative to overpayments and standards for progress within the community college sphere.

As a director of the organization that represents nationally over 1,000 junior colleges which serve more than half of the freshman and sophomore level students in higher education, I would like to call to your attention the statement adopted at the March 18, 1976 meeting of the American Association of Community and Junior Colleges held here in Washington, D.C. I have made that statement available to the reporter. That statement is a considered one relative to the role and mission and the major questions facing public higher education today, and specifically, the role of community colleges. I would like to enter this statement as part of the official record of these proceedings, if that is possible.

Mr. MOTTL. Without objection, that statement will be entered into the record, and the Chair hears none.

[The material referred to follows:]

STUDENTS OUTSTRIPPING FUNDS, 2-YEAR COLLEGES FEAR

INSTITUTIONS ARE AFRAID THEIR RAPID GROWTH MAY LEAD LAWMAKERS TO RESTRICT ENROLLMENTS

(By Jack Magarrell)

Community colleges, which recently have been the most successful segment of higher education, are worrying that their enrollments are growing faster than their budgets.

They also are worrying that the gap between students and dollars will be resolved by limiting enrollment, thus restricting what has been the principal entry to higher education for persons in minority and low-income groups.

Pressure on community-college programs is "serious and pervasive," reported Edmund J. Gleazer, Jr., president of the American Association of Community and Junior Colleges at the association's annual meeting here.

"The great danger now," he said, "is that the great gains of the past 20 years may be lost."

Concern over enrollment limits was emphasized by the community-college association's affiliated Council on Black American Affairs.

"Although all aspiring students will suffer, it is felt that black and other minority students will be most affected," said a resolution adopted by the council's black educators.

Their concern was underscored later by Lee G. Henderson, director of the community-college division of the Florida Department of Education.

"Higher education doesn't have the priority it once did," he said. Legislators, he said, are putting their emphasis on social services and criminal justice as they plan the apportionment of limited funds.

"What bothers us," Mr. Henderson continued, "is that the effect of this is to sort of go back to an elitist type of postsecondary education."

There is a trend, noted in California as well as in Florida, for legislators and state officials to cut back or limit the growth of community-college programs of compensatory education for poorly prepared students, of adult-education programs, and of community services.

Mr. Henderson said that trend could mean a return to a system that assures "upper-middle-class white Americans get through, but everyone else falls by the wayside."

During the 1960's, the number of community colleges nearly doubled, and the number of their students increased more than threefold.

Enrollment in two-year institutions this year is nearly 17 per cent higher than a year ago and about a third higher than it was two years ago. Their growth rate is more than double that for all higher education.

Some community colleges include in their enrollment figures students who take only a single class or simply participate in some college activity, but even full-time enrollment gains have been large: 17.5 per cent this year for all public two-year institutions.

"OPEN DOOR" CLOSED

In Florida's 28 community colleges, the traditional "open door" has closed. College officials estimate that 5,000 qualified students have been turned away since last fall, and the enrollment limit is expected to continue next year.

The attempt by the community colleges to hold this year's enrollment to last year's level was a reaction to enrollment growth that far outran state support.

Enrollment in the Florida community colleges in 1974–75, adjusted to full-time equivalents, was 158,000. The state had provided funds for 143,000.

The extra 15,000 students had to be served without state support last year. Then, under a Florida budget formula, those 15,000 students also were included when the colleges' budgets were divided by their enrollments to determine the cost per student for state support in the following year.

As that process continued, the support per student would keep going down, so the presidents of the community colleges called for a halt.

For the current year, state support is based on 158,000 full-time-equivalent students. Even though the colleges attempted to hold their enrollments to that level, the actual enrollment is about 5,000 higher.

Mr. Henderson said the community colleges expected to get funds from the legislature for about 163,000 students next year, which would require a continuation of the moratorium on enrollment growth. The projected enrollment for next year, before limits were imposed, had been 179,000.

Because faculty members at the Florida institutions received no pay increases this year, Mr. Henderson said, the community colleges are giving faculty pay a higher priority than support for larger enrollments in planning next year's budgets.

In California, state funds for community colleges this year are limited to a maximum enrollment increase of 5 per cent.

That is not a limit on actual enrollment, a community-college spokesman explained, because the community colleges are required by law to enroll any applicant who has a high-school diploma. Costs of enrollment increases beyond 5 per cent must be supported by local property taxes.

In the Los Angeles Community College District, the enrollment increased last fall by 9.8 per cent—to a total of 137,000 full-time and part-time students. That followed a 14.6-per-cent increase the year before.

That means 6,000 students for whom the district receives no state support this year and whose costs must be met by raising taxes in the Los Angeles district.

BLACK EDUCATORS CONCERNED

The Council on Black American Affairs said it was concerned that enrollment limits were being imposed by community colleges at a time when many four-year institutions were tightening their admission standards, making community colleges more important than before to students with poor academic preparation. Black educators are concerned, they said, that in addition to curbing enrollment, community colleges may raise student fees to help solve heir budge problems.

Another group affiliated with the community-college association met here to discuss the needs of Spanish-speaking students in community colleges. That group —*El Congreso Nacional de Asuntos Colegiales*—reported that Spanish-speaking students saw community colleges as virtually the only path to higher education. Because of the community colleges' lower cost and, at many institutions, individualized instruction, three in four Spanish-speaking students in higher education are in community colleges, said Pepe Barrón, executive director of *El Congreso*.

TWO-YEAR COMMUNITY COLLEGES ARE UNDERGOING PRESSURES

2-YEAR COLLEGES UNDER PRESSURES

Aides of Schools Concerned by Funding Problems and Choices on Priorities

(By Gene I. Maeroff)

WASHINGTON, March 20.—Officials of the nation's 1,000 two-year community colleges, long the portal to higher education for the academically underprepared and the economically disadvantaged, are concerned that the doors are slowly closing.

Financial pressures and hardening attitudes about the functions of post-secondary education are threatening the policies of nonselective admissions and low tuition that are the cornerstones of the community colleges, which have grown to include 3.8 million of the nation's 11.1 million college students.

The future of open access was a dominant theme at the annual meeting of the American Association of Junior and Community Colleges, which ended yesterday at the Washington Hilton Hotel.

A CHOICE OF MISSIONS

"We acknowledge the problems of finance in our present economy," the association said in a resolution, "But we cannot support solutions that simply propose a return to past priorities. Society's needs have changed, especially with regard to preparation for work, retraining and retirement."

Community college leaders feel that circumstances are forcing them to choose between what have become their two major missions—the traditional academic and career programs for the young who may go on to get bachelor's degrees at four-year-institutions and the newer continuing education for part-time adult students.

"Our success is our most serious problem," said Dr. Donald J. Carolyn, president of Delta College in University Center, Mich. "Legislators are talking about our going back to what we were doing in the early 1960's, before we began to give services to the wide range of people we now reach."

Community colleges in Florida have had to turn away students for the first time because of state-imposed limitations. Community colleges in California have been restricted to a 5 percent expansion. A new campus of Rhode Island Junior College may not open because operating funds have not been appropriated by the legislature.

The eight community colleges of the City University of New York face a shaky and uncertain future as a result of a city budget crisis that seems likely to produce the demise of at least one or more of the institutions.

All of this is happening at a time when community colleges are so popular that, while the rest of higher education has almost stopped expanding, the two-year institutions are growing at a rate of almost 20 percent a year.

Dr. Robert E. Lahti, president of William Rainey Harper College in Palatine, Ill., tells of a recent visit to his campus in which Gov. Daniel Walker told him that the institution "should cut back on its 'frills.'"

"We're all under pressure to get rid of 'frills,' but if taxpayers in a community want to take a course, who is to call it a 'frill?'" asked Dr. Charles Pappas, president of Mott Community College in Flint, Mich. "Belly dancing is one of our most popular courses and I suppose some people would consider it a 'frill.' However, the women who take it enjoy it, find it an art and think it's good physical education."

Community college spokesmen object to the idea that they should eliminate some courses simply on the ground that they seem less academic than others. The educators concede that the lack of adequate support for their programs is perhaps a result of a public misunderstanding about the kind of institution that the two-year college has become.

Legislators and other decision-makers tend to measure community college against the four-year colleges and universities, but leaders of two-year institutions are becoming more outspoken in their assertions that grades, dropout rates and program completions are not relevant yardsticks for their schools.

Large parts of community college curriculums are devoted to nonacademic and technical courses for adults of all ages who have no intention of attending college regularly or of pursuing degrees.

A new study based on a sampling of California's one million community college students, made public at the association's meeting, shows that 35 percent of the entering students were enrolled for just a single semester over a three-and-a-half-year period. Many of the rest attended school only intermittently.

The possibility that community colleges could become less accessible is a matter of especial concern to black educators.

For economic and and scholastic reasons, most black students in higher education come from two-year institutions. Moreover, many of the jobs that have opened to blacks recently in higher education have been at the community colleges.

"What is occurring can, conceivably, militate against the opportunity now being afforded blacks and other minorities at the community college level, the Council on Black American Affairs, a division of the junior college association, declared in a statement issued at the annual meeting.

Adding to the anxiety on community college campuses are complications that have developed in the Federal student financial aid program.

A representative of the United States Office of Education said in a speech at the meeting that without an additional appropriation of $611.5 million the

Basic Educational Opportunity Grant program for low-income students would have to be severely reduced.

"At this moment, I can't be entirely sanguine about obtaining that $611.5 million and maintaining the maximum grant at $1,400 per student," said Dr. John Phillips, deputy commissioner for postsecondary education in the Department of Health, Education and Welfare.

A cut in the basic grants, a program for which all low-income students are automatically eligible, would have an impact on both two-year and four-year colleges.

RESOLUTION

DOORS TO EDUCATIONAL OPPORTUNITY MUST BE KEPT OPEN

Adopted March 18, 1976, Annual Meeting American Association of Community and Junior Colleges

Millions of citizens—senior citizens, workers, minorities, and others—are in danger of being denied the services of their local community colleges. For the first time a number of state legislatures are, in effect, closing doors of educational opportunity which they have helped to open in community colleges.

State contributions have become important to community college financing during the past decade. Such contributions have made possible low cost educational and social services to a wide clientele: young persons preparing for careers, persons in mid-careers developing new skills, senior adults learning how to make retirement productive and satisfying.

Now state budgets are dictating an examination of priorities. In some states legislatures are placing ceilings on community college enrollments. They are, in effect, saying educational services to some citizens will not be supported. But, the needs are still there.

The danger is that priority decisions concerning community colleges will be based on out-of-date information. The nation's 1,200 community and junior colleges enroll more than 4 million persons in credit courses alone. More than half of these (2.2 million) are part-time students. Additional large numbers of part-time students are enrolled in non-credit courses. The average age of community college students is age 29.

These are students who live in their communities. Most work part-time or full-time and pay taxes. The wide variety of services offered by community colleges are in response to their needs.

Community colleges also respond to the needs of their communities, working closely with human service agencies, business, industry, labor unions, to assess needs for manpower training and retraining.

The doors of community colleges have been traditionally open to all adults who can benefit from their services and there has been low or no tuition so that all who wish to learn may learn.

Nearly every state has opened new community colleges in the past decade. The result has benefited millions of persons in hundreds of communities. Increasingly the whole community is seen as the campus and every citizen a student. In many communities one in ten citizens is served by the community college each year. In some communities the average is higher.

Community colleges are not institutions for the young only. They are community resource centers to be used throughout every citizen's lifetime. They should be assessed in terms of responsiveness to community needs and the number of persons served. Services offered must be as broad as community and human needs.

We call on state legislatures to provide for new assessments of community educational needs. Educational needs in communities have changed remarkably in recent years. Adults and senior adults have increased their demands for educational services in many localities. Community colleges have responded. But now there is danger the gains made in extending educational opportunity may be lost in the name of economy.

We acknowledge the problems of finance in our present economy. But we cannot support solutions that simply propose a return to past priorities. Society's needs have changed, especially with regard to preparation for work, retraining, and retirement.

We call for each institution to examine itself toward increased productivity.

We urge alliances among those whose programs are often most needed but also most threatened by budget cuts: community colleges, community schools, organizations providing links between education and work, senior citizen groups, and others.

We call for new plans in each state to implement life-long learning opportunities for all citizens. State education priorities must consider our current economic and social needs. The educational opportunities of milions of citizens depend on it.

The American Association of Community and Junior Colleges is a non-profit national professional organization representing community, junior and technical colleges. AACJC serves as a national clearinghouse for information on community-based postsecondary education. The Association engages in projects and programs calculated to advance the missions of the institutions which comprise membership.

The resolution, "Doors to Educational Opportunity Must Be Kept Open," reflects concern with threats to the open door posed by curtailments of support in some parts of the country. It was adopted by the membership of the Association at the 1976 annual convention March 18 in Washington, D.C. Additional information can be obtained from:

American Association of Community and Junior Colleges, One Dupont Circle, N.W., Washington, D.C. 20036.

STATEMENT OF DR. NOLEN M. ELLISON, PRESIDENT, CUYAHOGA COMMUNITY COLLEGE, CLEVELAND, OHIO

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to be before you this morning to provide information that might assist you in reviewing veterans program activities in community colleges. As was indicated by Dr. Jack Tirrell, I would be pleased to respond to questions at the end of this testimony.

As a director of the organization that represents nationally the over one thousand two-year colleges, which serve more than half of the freshman and sophomore level students in higher education, I would like to call to your attention the Statement adopted at the March 18, 1976 annual meeting of the American Association of Community and Junior Colleges here in Washington, D.C. I would like to enter the statement as part of the official record of these proceedings. It is clear that one of the greatest challenges facing our entire nation in this bicentennial year is the necessity to equip every citizen with the kinds of knowledge and skills that will enable each individual to contribute to the stability and improvement of both local communities and the nation at large. In that regard the two-year public and private community colleges in this country have charted a course much like the land grant colleges founded in the middle of the 19th century. The major objective of these institutions is to bridge the gap between theoretical knowledge and the application of this knowledge in the resolution of problems. Hopefully, in this process the needs of communities and the people who live in them will be better served.

Because the community college, known in many parts of the nation as "the people's college," has maintained its commitment to serving those who traditionally have been excluded from higher education, service to veterans seeking to utilize local higher education through benefits provided by the Federal Government has been maximized in the past five years. Two-year colleges have a fine record in the area of service to this segment of the citizenry.

In the face of crisis and an identified national need regarding the education and training of veterans since the early 1970s, community colleges have responded as the new "minutemen" of public education. The record of victories has been phenomenal; service to local communities has been exemplary; the problems of coordination, communications, and accountability have been confronted. As President of one of the nation's largest urban community college districts serving in excess of five thousand veterans this year and as a representative of the AACJC, I believe our institutions are continuing to respond in a highly responsible fashion.

You have received for the record a set of specific data regarding those problems that exist in the system. It is our belief that these problems are being attacked and resolved. In most instances the problems have occurred where our systems were required to respond before adequate structure and processes were in place. We believe that the relationship is maturing between the Veterans' Administration, state approving authorities, and our institutions. The closer coordination and cooperation here will provide the fail-safe system required to eliminate the operational problems on the governmental and institutional sides. The burden or proof for the integrity of governmental and institutional efforts must increasingly focus on the individual veteran, the adult citizen who chooses to participate in the program understanding fully the ethical, legal, and philosophical obligations he or she has undertaken. In this regard, it is clear that the government and our institutions must provide the supportive services capable of reinforcing the strength of each veteran who has served this nation but who now cannot find a job. To this end, the nation's community colleges are committed to service.

Concluding Comments

1. The escalating costs and the opportunity for higher education:

At a time when costs of education are escalating beyond the reach of the average and above average American, community colleges remain the most viable option to future education and opportunity.

The recent CEEB study on costs of higher education.

2. In the quest to serve effectively the adults in local communities, community colleges have sought to treat adults as adults and not to penalize them for past failures to achieve:

Difficulties here in terms of Veterans' Programs.

Buckley Amendment and other student rights.

We believe that our greatest contribution to local communities would be to assist students to accept full responsibility for their own actions and behavior. Certainly veterans must be dealt with in the same manner.

In conclusion, it is clear that to serve veterans most effectively and to meet the requirements of the Federal Government and the institutions, a closer cooperative relationship must be developed for the future. This is the challenge to this Subcommittee and to our institutions. It is a challenge we must meet if this important segment of the American society is to be served. Community colleges stand ready and willing as partners in this endeavor.

Dr. ELLISON. It is clear that one of the greatest challenges facing our Nation in this Bicentennial year is the necessity to equip every citizen with the kinds of knowledge and skills that will enable each individual to contribute to the stability and the improvement of both local communities and the Nation at large. In that regard, the public 2-year colleges and private community colleges in this country have charted a course much like the public land grant colleges founded in the middle of the 19th century. The major objective of our institutions is to bridge the gap between the desires of students and veterans as students and the acquisition of the kinds of skills and knowledge which will allow these citizens to move ahead in our society. Hopefully, in this process, the needs of communities and the people that we are dedicated to serving will be better off as a result of education in our kind of institution.

Because the community college, known in many parts of the nation as the people's college, has maintained its commitment to serving those who traditionally have been excluded from higher education, services specifically to veterans seeking to utilize local higher education through benefits provided by the Federal Government have been maximized in the past 5 to 10-year period. Two-year colleges have a fine record in the area of service to this large segment of the American citizenry.

In the face of crisis and an identified national need regarding the education and training of veterans since the 1960's and the early 1970's, community colleges have responded as the new minutemen of public higher education. The record of victories has been phenomenal; service to local communities has been generally exemplary; and the problems of coordination, communications, and accountability have indeed been confronted. As president of one of the Nation's largest urban community college districts serving in excess of 5,000 veterans this year, and as a representative of the American Association of

Community and Junior Colleges, I believe our institutions are continuing to respond in a highly professional and an educationally sound fashion.

You have received for the record a set of specific data regarding those problems that this subcommittee is focusing upon. It is our belief that these problems are being attacked and hopefully, are being resolved. In most instances, the problems have occurred where our systems were required to respond before adequate structures and processes were totally in place. We believe that the relationship is maturing between the Veterans' Administration, State-approving authorities, and our public, 2-year community colleges. The closer coordination and cooperation will provide the fail-safe system required to eliminate the operational, as well as program problems on behalf of both the Federal Government and for these institutions.

The burden of proof for the integrity of governmental institutional efforts must increasingly focus upon the individual veteran, I believe, the adult citizen who chooses to participate in the programs understanding full well the ethical, legal, and philosophical obligations he or she has undertaken. In this regard, it is clear that the Government and our institutions must provide the supportive services capable of reinforcing the strength of each veteran who has served this Nation, who now must find a job. To this end, the Nation's community colleges are committed to service.

I should point out briefly in this area of standards of progress, most of our 2-year colleges, and certainly Cuyahoga Community College, in attempting to work out and negotiate relationships between State-approving authorities and the Veterans' Administration, as well as attempting to identify and serve specifically the needs of veterans who, for whatever reasons, choose to enroll in our 2-year colleges. We have attempted in the past several months to increasingly focus upon the kinds of concerns that both have been raised within the VA structure and the State higher education systems and our own internal institutional policies and procedures regarding both the educational opportunities, questions of progress, and issues of withdrawing of certain fundamental concerns relative to how veterans indeed take advantage of an educational system but indeed return that advantage in a way that both the Federal Government and our institutions can be proud of.

Mr. Chairman, I think the statement for the record focuses upon a number of key considerations that this committee is concerned about and have come before the committee. I would not attempt to go through the entire report for the record, but it does indeed focus upon critical questions of standards of progress, the responsibility of institutions, the responsibility of the individual veteran who indeed elects to take advantage of the Federal Government program that provides aid directly to that veteran to acquire the kind of knowledge and skills necessary to succeed in our local communities.

I would stop my direct statement. You have a copy of the prepared remarks. I would be prepared, with Jack Tirrell, to respond to specific concerns I know have come before the committee.

Mr. MOTTL. Thank you very much, Dr. Ellison, for your fine statement.

Dr. Tirrell, do you have a statement to make before we get into the questions?

Dr. TIRRELL. Well, just briefly, Mr. Chairman, I might point out as a footnote to Dr. Ellison's comments that we do have a conclusion section in our formal testimony. I know you serve on the Education and Labor Committee. We found in their recent report of the full committee to the House on H.R. 12851, this quote, and I would like to remind the committee of it: "Satisfactory progress is to be measured by the institution according to its own standards. There is no intention to impose a Federal standard to measure satisfactory academic progress," and the bill reported out by the full Education and Labor Committee provides this determination is to be left solely in the province of the educational institution which the student is attending.

As I am sure you and your colleagues on the committee know, not only higher education, but citizens across the country are resisting increasing Federal intervention. Your committee and your staff know that for more than 25 years the Congress, through its agents in the Veterans' Administration, has developed an excellent system of veterans' benefits.

The Veterans' Administration, in their statements at this table last week, said 95 percent of the veterans are using their benefits as intended, and it appears there are about 5 percent of the veterans with overpayment caused by the VA, and by institutions, we agree.

Again, at this table, the Veterans' Administration pointed out 80 percent of these overpayments are being recouped under the system that we have cooperatively worked out over the past 25 years. So, we are down to about 2 percent of the funds remain uncollected, and while these tend to look large, particularly when a national writer like Jack Anderson puts them in his nationally syndicated column, we are asking you very strongly, if we can, let's not endanger the excellent program that has been developed over the years for 95 percent of the veterans but try to do some fine tuning for the 5 percent of the problems and we pledge cooperation to do this fine tuning, rather than a radical overhaul of this successful system.

Mr. MOTTL. Thank you very much, Dr. Tirrell.

It is the Chair's intention, as we did in the last five meetings, have questioning by each member, questions and answers; and we ask that the respondents be as concise as possible, in order to save time.

First of all, a word from my distinguished colleague from Pennsylvania, Mr. Edgar.

Mr. EDGAR. Thank you.

I appreciate your statement, and your comments. I wonder if you could in a couple of one, two, three, concise, specific statements, state the major problem, as you see it, to the United States and to the Veterans' Administration as it relates to overpayments.

Dr. TIRRELL. I think an analysis—and there has been a considerable amount of discussion between land-grant institutions and others, as well as our own 2-year institutions. We had a series of meetings starting with Mr. Roudebush in January and his staff. And it is summarized, Mr. Edgar, something like this.

One, the advance payment is a very substantial part of this overpayment problem. The higher education community, and we have it in writing, said that advance pay is an invitation to mischief when the program was started. As you well know if the veteran—something happens, his wife becomes pregnant, or if the institution informs the assistant, he often gets three and four checks, even when everything works right. So, advance payment is the basis of a considerable amount of the problem.

Second, there has been, and I think we see in our record in the last couple of years, a number of veterans motivated, to be very blunt, to put bread on their table, that have looked for some of the loopholes in both the VA and the institutional policies.

Third, there seems to be a changing attitude among veterans across the country that food stamps and welfare programs and the GI bill is just due them, and they do not consider the questions about whether they go to school every day. That is very broad, I think, but in our comments, one of our colleges submitted some material that felt that this was a problem.

Fourth, I think both the Veterans' Administration and our institutions did not respond quickly enough to the advance payment and even some of the mischief that we predicted would happen. I think across the country, the VA, in its regional offices, through its State-approval agencies, and our institutions, as Dr. Ellison has said, are now responding to the problems.

I think those are the four concerns that I might summarize at the moment.

Dr. Ellison. Congressman, let me make one additional statement. There will be a meeting in August of the urban community college districts nationally, those districts that serve the big cities in our Nation and the current concerns will be a topic for discussion. It is absolutely clear at this point that Cuyahoga Community College is an example, for the enrollment of veterans. For whatever reason, in the fall of this past year, over the fall of 1974, veteran enrollment increased some 40 percent, from 3,600 students to 5,200 students.

Whether that was because of the unemployment situation, whether that was because of a lack of clarity on the part of veterans as to whether they would lose their benefits if they immediately did not take advantage of them, whatever the reason, we are finding in the large urban districts, that veterans are massively trying to take advantage of education in our community colleges. Specifically I think that the increased enrollment also relates to the low cost of these institutions and the ability of the veterans to be able to afford to go to school.

As you know, the recent cost of higher education survey by the college entrance examination board found higher education is literally out of the reach of most Americans today. The average citizen is having difficulty trying to decide whether education or training. I think the training piece of it is most significant.

It seems to me that one of the things that I would suggest, since you are asking for specific sorts of suggestions, it is clear that these urban, large districts, as well as smaller districts that are serving veterans, are going to have to get an additional kind of support if indeed we are going to carry out our mission to serve these veterans. At this point, we receive a very minimal additional increment—I think it is $3 per veteran—to help process this individual, once in our institution, with the horrendous amount of paperwork that must go on between the Veterans' Administration and our institution and between the kind of placement of that veteran in a good job, a decent job.

It seems to me that——

Mr. **Edgar.** Let me interrupt you at this point. Excuse me. Let me ask you what is an adequate dollar figure for reporting and certification of the veterans, do you think, for an institution?

Dr. **Ellison.** We have in the testimony a figure of $15, but I think the issue has to nearly be dealt with in the first order to recognize the pragmatics of funding and levels of support. We have stated a $15 level would provide the kind of added manpower and counseling and added support for institutional effort to assure that once that veteran is there in the open door of our kind of community college, we have the kind of support to make sure that veteran becomes successful, both in terms of his educational goals, as well as in our ability to place that veteran back out in the work world in a responsible fashion.

So, we used the term in the stated testimony of $15 per veteran, but it comes back to the question of what is the added institutional effort, and I suspect it is much more than that.

Mr. **Edgar.** I appreciate that. I will pass on some additional questions, and if we have time at the end, I would like to reserve some time.

Mr. **Mottl.** Thank you very much, Mr. Edgar.

Next, we will hear from our distinguished colleague from the State of Ohio, Mr. Wylie.

Mr. **Wylie.** Thank you very much, Mr. Chairman.

Dr. Ellison, we are all resisting Federal intervention and intrusion in our daily lives, and I understand your statement in that regard. But in your testimony on page 4 you say you are at a loss to understand why the VA and vet reps cannot assist in solving most of your problems. Is that not an intervention in the operation of the college?

Dr. **Ellison.** I am trying to find that specific quote.

Mr. **Wylie.** It is on page 4 of the joint statement.

Dr. **Ellison.** Would you rephrase your question?

Mr. **Wylie.** Well, you are generally suggesting that we ought to resist Federal intervention in the educational program. Is that a fair statement?

Dr. **Ellison.** Well, unfair intrusion or overintrusion, I think, is the issue here.

Mr. **Wylie.** And then you seem to suggest that maybe the veterans representatives can assist you in solving the problem, and I wonder if that is not inconsistent?

Dr. **Ellison.** Well, in my direct response, I would say that is not inconsistent, in the sense that we have, in our institutions, because of our open door policies and lower tuition, attempted to educate a large number of what we might call special groups, special persons who have been denied historically. We believe that the veteran does bring to our institution many unique perspectives, not only about life and education and those kinds of questions.

A part of the support that we need and a part of the support that we have indeed accepted is the placement of veterans' representatives on our campuses, but specifically to help us with the maze of questions, the maze of requirements that are unique indeed to those veterans who are taking advantage of veterans' benefits.

Now, I do not think that that is counter to the position.

Mr. WYLIE. Let me get to that. Do you know that the veterans' representatives programs are being conducted as they are according to the GAO report and a study on this problem, because of opposition to the program by schools that view that as an unwarranted Government intrusion in school affairs?

Dr. ELLISON. I cannot speak for each of the individual institutions. It would be my perception on the part of the, I think, national directors of the association that we have indeed welcomed the kind of special assistance, the special help that these veterans' representatives have tended to give most of our institutions. Certainly in our district, we have worked most closely, because they have brought to us a level of expertise and a relationship between the Veterans' Administration and our institution that we did not have, simply to serve the large numbers that I suggested earlier.

Mr. WYLIE. Do you believe that the primary responsibility for the overpayment problem rests with the schools participating in the GI benefits program or with the Veterans' Administration?

Dr. ELLISON. Well, it certainly is true that the overpayment area that has come under—and rightfully so—increased scrutiny, this is a contract relationship between the veteran and the Federal Government, the VA specifically; that is, that the veteran receives money in a prepayment situation, contingent upon his exercising certain responsibilities as a veteran receiving that money. The institution is indeed at that point not a partner in the relationship.

I believe that we have to help, where we can, those veterans who accept that obligation and responsibility to be adult in accepting that. In my earlier testimony, I suggested that there are ethical, moral commitments made by that individual veteran, between the veteran and the Veterans' Administration at that point.

My point would be, the institutions of higher learning, particularly community colleges, are trying desperately to sort out what is their obligation to be responsible, if any, between the veterans and the VA.

Mr. WYLIE. That is what we are trying to sort out too, but in your testimony, you seem to complain that there is too much Federal intervention in your life and the life of your colleagues by the Veterans' Administration, and yet, it is not the responsibility of the school to find out why these overpayments are being made or who is participating in these programs. You suggest that the excessive VA regulations, bulletins, and requisites—on page 2 of your testimony, and I am quoting, "by the thousands, are impossible for a school to keep up with." How many VA rules are there, in fact, that your school must comply with? Do you have a number?

Mr. MOTTL. I think that is Dr. Tirrell's statement, so I think he should respond to it.

Dr. TIRRELL. I was at a meeting in California. The number that was used was 14,000.

Mr. WYLIE. Fourteen thousand regulations that you have to comply with, for every GI?

Dr. TIRRELL. The regional VA representative in California used that number, sir. This implies that various bulletins and circulars, and so forth put out are included. I may be off by a factor of 100 percent, but it is certainly in the thousands.

Mr. Wylie. You have to comply with thousands of regulations every time a GI signs up for GI educational benefits. Is that what you are telling me?

Dr. Tirrell. There are clarifications. There are updates. The problem is that many of the colleges do not receive them, and people who are on the frontline cannot keep up with them.

Mr. Wylie. OK, what should we do about the $1.3 billion scandal?

Dr. Tirrell. Sir, I think Dr. Ellison has some other kinds of figures. We tried to indicate in our testimony that 80 percent of the overpayments—and it has been given to you right here at this table—are being recovered.

Mr. Wylie. That is not accurate, but we will——

Dr. Tirrell. I thought the VA used that figure in the record.

Mr. Wylie. As being recovered—I do not know through what period of the future that refers, but 80 percent of it has not been recovered so far.

Dr. Tirrell. Secondly, by the VA's efforts and the cooperation of the institutions, procedures are being tightened up. We have, as I indicated at the outset, a major part of the problems at our institutions, because we have got a major number of veterans, and I think there are already underway because of your concerns and because of some of the newspaper reports, a tightening up, a more careful scrutiny of this.

Now, if you come down right to the end, I am certainly not recommending it, but if advance payment is a major cause of the overpayment problem, in our opinion it should be reevaluated.

Mr. Wylie. One more question. On page 2 of your testimony, you said that the VA should continue its efforts to restrain 5 percent of the veterans using loopholes and recover, if possible, 2 percent of the unrecovered funds, but without endangering the excellent program for 95 percent of the veterans and going beyond their legal authority and invading the academic integrity and constitutional and legal rights of the institutions. How should the Veterans' Administration identify the 5 percent who are abusers? I think that is really what I am trying to get at.

Dr. Tirrell. We have going on now, and we attached to our statement, the story of Florida Junior College that I think you, Mr. Congressman, read some of the transcripts from on April 29, and what is being done at that institution by cooperation between the Veterans' Administration and the institution. I think we would submit certainly, and I just indicated to you that the same type of activities are occurring in various parts of the country. We have a digest of the *Citrus College* case in our testimony. I am not speaking of just sitting in Washington.

The laws on the books now, and a more careful following of them by the Veterans' Administration and our institutions being alerted to the problem, this is accomplishing, I believe, what you want.

Mr. Wylie. Do you think the Veterans' Administration is invading the academic integrity and constitutional, legal rights of institutions by seeking these funds?

Dr. Tirrell. The bulletin put out in August of 1975, if implemented, would have done both of those, and when the major higher educational institutions met with Mr. Roudebush on January 7, there was a considerable change, revision in that, because we believe, and I think Mr. Roudebush believed, that he was going beyond his legal authority, as you have given him in the statutes.

Mr. MOTTL. We will go around, because we want to make sure that we get everyone into the record.

Mr. Tirrell, I read your statement with great interest, and it seems to indicate that you are not advocating any major change in the program, just some fine tuning; and I think that is the word that you used also. You stated that 80 percent of these overpayments of the—I think it is $1.6 billion is being recouped, so that there is no big problem, but I might point out, in your response to this, that there is still possibly $360 million outstanding, that is still owing to the Federal Government in overpayments, and what about the cost of recouping these millions of dollars that have been overpaid? May I have your response to this?

Dr. TIRRELL. I think, again, Mr. Rufus Wilson indicated, the Veterans' Administration is spending something in excess of $6 per veteran attempting to get these overpayments. I think that is what led us in our statement, as Dr. Ellison articulated, that possibly some investment of funds at the beginning to prevent some of these overpayments may be desirable. I would hope the committee would understand, we do not even get $3 for each veteran we have. We get $3 for one date in the year, like October 1. We have veterans come in second term; we have veterans come in the summer. We do not even get that $3.

While I may be off by a few thousands on the amount of regulations and so forth, you know, we cannot divert local tax funds, local State funds, or other students' tuition to do the VA's job, so that is why we came down. I think part of the fine tuning would be to have the people that you, as I understand it, mandate, vet reps, and it is one vet rep for each 500 veterans.

Many of our campuses have full-time Veterans' Administration representatives to help with some of these things, and there may have been some balking or some concerns about vet reps, but I think this kind of concern over prepayments and overpayments, would be entirely within the jurisdiction of Veterans' Administration representatives already there.

Mr. MOTTL. Mr. Tirrell, so that we can have this for the record, I just want to emphasize, again, I think you have suggested that the American Association of Community and Junior Colleges goes on record and says that we should go back to the previous program of postpayment versus prepayment. Is that correct?

Dr. TIRRELL. Well, since Dr. Ellison is a member of the Board, but since we have not talked with the whole Board, we cannot make this an official statement, but if you ask me as an individual who has spent a considerable amount of time on this problem, the problem could be solved by the removal of prepayment.

Mr. MOTTL. All right. One last question at this time. Mr. Edgar has said that $3 per veteran to be paid to the junior colleges and community colleges and institutions of higher learning—you have advocated $15, but is it not true that you also get some other funds from HEW to compensate, along with this $3?

Dr. TIRRELL. In our testimony, we pointed out, sir, as you know, I am sure, there has been increased from 3 to 5 percent in the higher education legislation just moved to the floor of the House. In the Senate bill, again, approved by the full committee and moved to the floor of the Senate, it is $15 for each BEOG and $10 for each GSL student.

But as Dr. Ellison attempted to indicate, to some extent there is little overlap of these programs and veterans' benefits. There are not too many veterans who receive BEOG, and so forth, and so we were trying to use these as benchmarks in other Federal programs of the kind of support for the institution to handle work with these special student groups.

Mr. MOTTL. Thank you, Mr. Tirrell.

The chief counsel—before we go to questions by the chief counsel, we have some questions from our colleague from Massachusetts, Mrs. Heckler.

Mrs. HECKLER. Mr. Tirrell, how many students at institutions under your jurisdiction receive GI benefits?

Dr. TIRRELL. Approximately 600,000 now.

Mrs. HECKLER. How many students comprise the constituency of your organization?

Dr. TIRRELL. About 4 million credit students. There are about 4 million more in various kind of community service and certificate programs, but the comparable figure, ma'am, would be 4 million.

Mrs. HECKLER. All right. So 600,000 veterans receive GI benefits at your institutions. They provide a student body for your institutions from which you derive some benefit. Is that right?

Dr. TIRRELL. Well, we do not directly get the veterans' benefit. As you understand, it goes to the veteran.

Mrs. HECKLER. I certainly understand that, but you get students who could not go to college otherwise, and they are students in your institutions. Is that right? So, if you want to get the Federal Government out of your lives, maybe you ought to have all the GI benefits abolished.

Dr. TIRRELL. There are some of our institutions, particularly some 4-year institutions, maybe you were not in the room, when the circular came out in August were willing to not be certified for veterans.

Mrs. HECKLER. I think the committee should be advised which institutions would like that. As a matter of fact, it is very interesting that all the people who say they want Washington out of their lives never quite wish to have all the benefits they receive from Washington out of their lives. With rights, such as those for women, there are responsibilities; and I think that is true of veterans too.

Dr. ELLISON. Congresswoman, let me say that, so the tone of what the statement sounds like and the reality of our institutions are not confused, I am not speaking for the board of directors of the national association; I am speaking as one of them. It is certainly not our contention—and I think I can speak for them in this regard—to say that we want the Federal Government, in fact, out of our lives, in a rather direct and confrontive fashion.

We recognize that our institutions are a direct derivative of Federal efforts to provide for a wide range of people in this country, the 4 million that we just talked about that are trying to receive education as a means for moving ahead in our society. We recognize, and I think I speak directly for them in this regard, we appreciate and, in fact, are deeply indebted to the Federal Government for helping us to carry out our mission for education in this country. So, there is no intent to suggest that we want the Federal Government "out of our lives."

I think I should have responded earlier. Mr. Wylie's comment, I think, was directed to the point, the issue of institutional policies and procedures; that is, who indeed is the best judge to determine what our standards of progress should be within an educational environment. The issue of whether we can, by policy and mandate from outside, determine that, or whether or not inside, the educators are more apt to be able to determine that fact, I think is where the conflict arises, in terms of this discussion.

I would go on record here for the association and the board without a vote of the board, exercising my prerogative of leadership, to say that it is not our position of the American Association of Community and Junior Colleges to want the Federal Government out of our lives.

We think that our mission can only be carried out by an increased relationship between State government, local government, local communities, and certainly Federal support, and Federal accountability for those dollars that our students receive to go to college.

Mrs. HECKLER. Well, I am glad you said that, to set this record straight, because I think a lot of the opposition to Washington has to be defined a little more precisely. Those who are the greatest critics are also the greatest recipients, in some strange cases; therefore, we can join together when we do have common purposes or goals, and we are just as interested in the education of the GI as you are in the colleges.

At the same time, we have a responsibility to the taxpayers. One billion dollars, $1 billion, has been misplaced in this educational program, and obviously, the Federal Government has a responsibility. We in the Congress have, on this committee, a responsibility to the veteran, and we also have a responsibility to the taxpayer. The question is, how can we unite these two?

Obviously, we do not want to pass a bill that is going to penalize institutions with redtape. At the same time, the institutions do derive a benefit from the presence of GI's at their colleges and on their campuses, and the question is, how can we avoid a billion-dollar error in the future, and what role can the institutions play?

Dr. ELLISON. Let me give one example of how I believe this relationship can not only be strengthened but certainly benefit all parties concerned in the future.

It is clear that we are talking about varying periods of time and implementation of a major program to benefit a rather significant position of our society, the veterans. The pre-1970 period was a period that we were forced to respond in our colleges, without adequate support systems, either, to do the job for a followup with veterans, or the Veterans' Administration.

The period between 1972—the time at which the prepayment became most evident, our institutions between 1972 and 1975 were probably not yet able to respond in helping the veteran make a good decision or to make good decisions with him within our institutions relative to how he should take best advantage of the programs designed to benefit him.

I think most of our institutions in the last 2 years, and certainly our own institution, we have attempted to fine-tune our own systems with veterans' representatives on campuses, with the local Veterans' Administration offices, with the State approving authorities that indeed helps to mollify statewide questions of potential abuses relative to policy matters within our institutions.

It seems to me the thrust of our presentation, or the thrust of the data that you have as part of the official record, is intended to suggest that we think, while there were problems in the past, that we simply must help clean up; that is, in relationship to both the VA and our own institutional practices, we think that we are in a better position now, and I think this is true nationally of our community colleges that are still serving these veterans; we are in a better position now to do better recordkeeping; we are in a better position now to make the kind of accountability steps that are required both on the part of the Federal Government and the part of the institutions.

I did not intend to drop completely on the veterans' shoulders, but I still come back to say that when a veteran as a student, in any aid program, commits himself or herself to take advantage of dollars from outside of the institution, there are some intense, philosophical, moral and ethical obligations that we have to help those individual also understand, because indeed much of our effort in our community colleges today, where the average age is 27. These are adults that we are dealing with; these are not children in the sense that they should or must be led. We must get to that point so that the contract relationship is one that is dealt with directly.

Where we find abuses, we must deal directly with those abuses. We must deal directly with veterans where there is purposeful intent to take advantage of the programs. And I would hope that our institutions would be accountable in that regard.

Mrs. HECKLER. Dr. Ellison, I do appreciate your remarks, and I think that they serve to contradict the implications of earlier statements and the statement in the record here which indicates that this is a problem between the veteran and the VA. The veteran as a student in a community college has special needs and is the product of a war experience that left him or her with deep scars, and those problems are not only the problems of the veteran and the VA; they are also the problems of the community college and of society. I am glad that you see this.

I would like to just ask one other question, quickly, relating to Dr. Tirrell. Again, I believe you said the BEOG grants are not available to many veterans. If so, why not?

Dr. TIRRELL. By law, of course, ma'am, they are available. But of course, the veterans' benefits are counted as income. It starts to push them up in categories where they get very small or do not become eligible for grants.

Mrs. HECKLER. Do many veterans apply?

Dr. TIRRELL. I would have to get figures to give you for the record. I do not know the percentage, but I know, in talking with a number of people around the country, there are few of them who do qualify, and when they do qualify, that grants are very small. I will get some figures for the record, if you would like.

[The information follows:]

American Association of Community and Junior Colleges,
May 28, 1976.

Memorandum

To: Ronald M. Mottl, Chairman, Special Investigating Subcommittee, House Veterans Affairs Committee.
From: John E. Tirrell—Vice President for Governmental Affairs.
Re: Information requested at the May 6, 1976 hearing.

During the questions, Mrs. Heckler requested information on veterans receiving BEOG funds. We would like to submit the following for the record:

	1973-74	1974-75
Number of applicants receiving veterans educational benefits and applying for BEOG	26,645	59,736
Number of applicants receiving veterans educational benefits who qualify	5,020	23,258
Percentage of applicants receiving veterans educational benefits who qualify	18.8	38.9
Percentage of total valid applicants qualifying	[1] 55.7	[1] 61.2

[1] It can be seen that veterans only receive a BEOG grant in ⅓ to ½ the amount of total applicants.

Source: Data taken from basic educational opportunity grant program end of year report (1974-75) academic year Table I, summary statistics—Basic grant program.

Mrs. Heckler. Thank you.

Mr. Mottl. Thank you, Mrs. Heckler.

The distinguished gentleman from California, Mr. Hannaford.

Mr. Hannaford. Thank you, Mr. Chairman.

Just a brief question or two. The 600,00[illegible] that attend community colleges constitute what portion of veterans nationally? Do you know, Dr. Tirrell?

Dr. Tirrell. I believe about 60 percent of those in higher educational institutions, not proprietary or other vocational, but about 60 percent of those in higher education.

Mr. Hannaford. In about what proportion do we have an estimate of the overpayments?

Dr. Tirrell. The Veterans' Administration testified, if I heard correctly, at this table, that 95 percent of the veterans are doing things correctly, and the institutions, and it is working well. It is about 5 percent that there are problems with.

Mr. Hannaford. I mean, what percentage of the veteran population, or of the overpayments, is occurring in community colleges, as opposed to 4-year institutions?

Dr. Tirrell. I believe a majority, something like 60 percent or so. It may be somewhat higher.

Mr. Mottl. Sixty percent of the GI loans.

Mr. Hannaford. So that is their fair share. That rather surprises me. I am glad that you agreed with me, Dr. Terrell, that the advance payment and prepayment program are surely the heaviest contributors to this overpayment problem. I just hope that we can reach accord to terminate that problem.

I think that it is very difficult—especially in community colleges (I have had a number of years' experience teaching)—to get a handle on the problem that you are going to pay month after month in advance, even though I have sympathy with some hardship that would accure to the students who had that privilege taken away.

As a matter of fact, the GI bill, in its origin, was not designed for an institution such as the community college, and such a thing hardly existed at the time the GI bill came into being. It was to allow for a student who had the rather substantial cost of living away from home and paying a significant tuition. Now I would not suggest to remove the rights from the community college people. It is an institution that I dearly love, and I think it is the most productive institution in the country, in terms of furthering education, but if you are going to have the community colleges, I just do not think you can come close to solving the problem so long as you have the prepayment and advance payment program.

Mr. EDGAR. Would the gentleman yield?

Mr. HANNAFORD. Surely; I would be glad to.

Mr. EDGAR. I am glad you brought the point out in terms of your concern about the prepayment. As I understood the response to my question, when the Veterans' Administration was here, the question of should we, in fact, look seriously at doing away with the prepayment, it was my understanding—I would like to check with some of my colleagues—but they indicated that their response was, not at this time.

Mr. MOTTL. If the gentleman would yield, the gentleman is correct. The response by Mr. Wilson and his colleagues at that time was that they would like to give this program an opportunity to go on until fall, and they were vehemently opposed to any changing back to the previous program.

Mr. EDGAR. I just wanted that to be clear for the record.

Mr. HANNAFORD. I was apparently not present at the time that testimony was received. That does not change my opinion of it. Thank you.

Mr. MOTTL. Thank you, Mr. Hannaford.

My esteemed colleague from New York, Mr. Walsh.

Mr. WALSH. Thank you very much, Mr. Chairman. I am sorry I was not here for the entire discussion, but I am a little bit concerned in reading this statement and hearing the discussion that was going on here that this record will show that the colleges have been resolved of all responsibility in this matter. I am concerned about some statements in your testimony, gentlemen to the effect that the VA should concentrate their efforts to restrain the 5 percent of the veterans using loopholes to recover, if possible, the 2 percent of unrecovered funds. This is on page 2. Then down a little further, you refer to satisfactory progress which is to be measured by the institution according to its standards. I agree with that.

On page 3, you mention the problems between the VA and the veteran, and then, on page 4, you recommend more creative and cooperative uses of current laws, regulations, and manpower available as being something that would cure all the ills. Last week though, we heard testimony—I am sure it was sincere—on Florida Junior College in Jacksonville. Here is a student who was present and received benefits for one, two, three, four terms. His marks during the four terms were either F, nonpunitive, or withdraw, passing.

Now, I would like to know how the use of the laws is going to change that type of situation, and I would like to know how they are going to change the responsibility that the institution has to the VA and the veteran? So, I do not want to leave the impression here, or let the record give the impression that this is just a responsibility between the Veterans' Administration and the veteran. I think it goes a lot deeper than that, and I think that your association and the members of your association have a very real responsibility in this, and the Florida Junior College case and some of the other cases that we have heard testimony about are an example of not meeting that responsibility.

Dr. ELLISON. Mr. Walsh, I would again just briefly—there is another piece of testimony that buttresses the piece that you have. I would read the three sentences that I think are rather critical and germane to this piece of the conversation and the hearing. "I suggest in most instances the problems have occurred where our systems were required to respond before adequate structures and processes were in place. We believe that the relationship is maturing between the Veterans' Administration, State approving authorities, and our individual institutions. The closer coordination and cooperation here will provide" what I called the fail-safe system "required to eliminate the operational problems" and abuses on the part of either the governmental agencies, the individual veterans or our institutions.

I would again call that to the attention—while I did underline the burden of proof issue relative to the integrity of payments being one of a contract relationship between the individual veteran and the Veterans' Administration, I think that our association—and I speak for the association again in this regard—it is my belief that the association is not only willing but the individual members of the association, some 1,000 community colleges do recognize that we do have a responsibility both to the veterans, to the Veterans' Administration, and to the State systems that are now in place, relative to certain requirements that should be met.

I think the issue is sorting out the fine tuning. I would simply call this back to your attention because again, I would not want to leave the impression in the testimony before you that there was an additional piece that we have on the part of the total association reflected upon.

Mr. WALSH. I appreciate your views, but, Mr. Chairman, if I may add one other remark. Here is a certificate by the Florida Junior College in Jacksonville that says the student is in good standing. He has no passing marks, so far, for three report terms, and yet, they stamp the box that he is eligible and in good standing. Now, there is something wrong, and the institution is failing to assume its responsibility.

This is not applicable only to Florida Junior College. We have had testimony that it exists at other colleges, and we can rationalize this all day and say that the problem is between the VA and the veteran, but somebody in the colleges has to assume some responsibility. If they are going to accept the money, then they have to assume the responsibility, in my judgment.

Dr. TIRRELL. Mr. Chairman, I was here last week when either that transcript or one similar was read, and my mind went back to 1945 and 1946 when I returned to college and was privileged to take advantage of the GI benefits. Some of my high school friends who had fought and flew 50, 60 missions over Europe could not get adjusted the first term, and this was a fine private college, with a high tuition; and a second term with no progress, and dropping out; and most of a second year, and I could give you the name for the record, with practically no college credit. Today, each year, he pays more taxes than he got when he finally did get readjusted and got his college degree, and the U.S. Treasury has given studies that veterans have returned three to four times.

I do not know about that particular case, but in my mind, I can see that young man 30 years ago that went through the same thing. I think if I knew the reasons, I might cheer for Florida Junior College, as Dr. Ellison says, for trying to work with this youth, as Congress said, to get him readjusted for civilian life. I do not condone and neither does Dr. Ellison or our board, for just carrying anybody without some concern, but in total, sir, I still say, and the record shows, and the Veterans' Administration figures shows, that only a very small percent are abusing the system.

Mr. WALSH. But how can the institution state that a student is in good standing?

I too benefited from the GI bill. I got my master's degree through the GI bill, and it was not easy, and I do not think that is part of it. I had seven children when I got my master's degree, and I had problems too. But the institution worked with me. It did not stamp me in good standing when I was not attending class, when I was withdrawing, when I was failing, and I do not think it should. I do not think the school is meeting its responsibilities as an educational institution, when it puts a stamp of approval on a student who has not earned one single credit in three or four terms.

Dr. TIRRELL. I think we can take one case, my one case in 1945; but sir, this is a minimal number, and I would hope—and if you would like, we will get that individual's name, and we will get you a case history of 6, 8, 10 pages, or whatever it takes.

Mr. WALSH. There are 1,500 cases, sir, that are like this, not one case, and the payments involve not a few thousand dollars, but millions and millions of dollars, where I think the schools have failed to meet their responsibility to the students, to the community, and to their own charter as an educational institution.

Dr. TIRRELL. In our testimony, we put attachment C—if you have had a chance to review it, Mr. Congressman, from Florida Junior College, and as indicated by Dr. Ellison, they were another college that was swamped with thousands of veterans in 1974 and 1975. When you do get a chance to read it, they have considerably reduced the number of problems, and if this is a particular problem, again, we will promise you, if you are interested, something for the record. Still, percentagewise, even in that institution, it is a small percentage both of veterans and of the total student body that are abusing the system. They serve some 50,000 students in the Jacksonville area.

Mr. MOTTL. Thank you very much, Mr. Walsh.

Next, we will hear from our distinguished colleague from Tennessee, Mr. Allen. Any questions?

Mr. ALLEN. Mr. Chairman, I apologize, first, for not being here when the testimony of these distinguished gentlemen was first presented, but I do have very great concern about this, because I have supported Mr. Edgar's effort to extend the delimiting date or abolish it altogether.

Quite frankly, I feel that a person who has served his country, subjected his life to serving his country, and who earns certain rights, should not be faulted simply because he was not in a position, within a certain framework of time, to take advantage of what he had earned by reason of his service to his country. So, I have supported Congressman Edgar in his effort and will continue to do so.

But I feel it is going to be much more difficult in view of the disenchantment resulting from the kind of information that is coming from the General Accounting Office and, indeed, from the Veterans' Administration in its own testimony, with regard to overpayments, to utter lack of any checks and balances on whether or not students, veterans, are really doing anything at all in return for the money that is being paid out.

We had the case, for example, in Chicago, which I think was the most dramatic case, of some 1,000 students or more enrolled in a barber's class, and it operated for 18 months. The Veterans' Administration paid whatever they paid to these 1,000 or more veterans for them to learn to become barbers, only to discover that the school was taking the Federal tax dollars. It had how many chairs in it, Mr. Chairman—8 or 10?

Mr. Mottl. It was in our testimony, from 10 to 14.

Mr. Allen. Ten to 14 chairs, and undertaking to teach over 1,000 different students how to become barbers. Now, something is radically wrong with the whole program.

I have asked whether or not it would be possible for the various educational institutions, both academic and vocational, to do as the payroll clerk has to do with employees, having thousands of employees, and that is, at least to keep an attendance record, and at the end of given periods, whether it is quarterly or however they grade their students, at least furnish to the Veterans' Administration a record of their attendance in classes, whether or not they have dropped out of certain courses that they originally were drawing money to attend, and then leave it to the Veterans' Administration to determine whether or not such veterans should continue to receive benefits, rather than leave it to the college.

In the case of the young man that you mentioned who was a veteran of World War II, I do not think it is a responsibility of the university or the college to say, you shall no longer attend because you are not making satisfactory progress. But I do think in the case of the veterans whose tuition is being paid for by the taxpayers of this country, their record of attendance, their record of progress should be reported on a regular basis to the Veterans' Administration, and the Veterans' Administration should determine whether or not they want to continue with the payment.

If you say that increases a lot of redtape, certainly it does, but we are talking about more than $1 billion in—what time frame?—that there have been overpayments.

Mr. Mottl. Well, Mr. Allen, the testimony is that over the last 9½ years, we have had $1.6 billion, but it is in the last 3 years that we have had about three-quarters of that acceleration of overpayment.

Mr. Allen. In overpayment. We are talking about real money, money being paid out for nothing, money being paid out in many cases, like in this barber's school. There is no posible way that they could be receiving the vocational training or education that we were paying for, for which the taxpayers were being charged.

Now, is it feasible, is it practicable, or would the community colleges and universities simply refuse to keep such records of attendance, to report periodically the progress and the grades being made by veterans attending under the GI bill of rights? I address that to either one of you gentlemen who would like to respond.

Dr. Ellison. Let me respond and indicate that it is clear that some institutions are going to have to refine their policies regarding the issue that you are focusing on. I think there is little question that there is increasing need to, both on the part of individuals and institutions and the Government itself, to be accountable for specific allocations and for specific dividends received, from whatever source those dividends are received. I think the problem is determining the mechanism.

To go back to the prepayment question, my view would be, it is not an either-or question; it is a question, if there is a need we ought to be able to design a system to meet that need in an accountable fashion. One does not have to say yes or no in that system. One has to say, can our imagination be challenged to do the job that has to be done.

The very point that you make, it seems to me, that our institutions, in collaboration with—whether it is the VA or someone else—we must develop those systems of accountability.

Mr. Allen. But it is pretty late to be talking about developing something after all these years have passed. Why it has not been done before this, I cannot understand.

Dr. Ellison. Well, let me give you one example of part of the problem. It is not an explanation of why; it is a part of the dilemma of why not; and that is that in the past 10-year period, community colleges, generally, and Cuyahoga Community College is no exception here, we grew from 1963 from 3,000 students to 27,000 students the fall quarter of this past year. We are doing that with inadequate computing systems, we are doing that with inadequate system of information collection, reporting, and analysis in many instances.

It seems to me that the question of the paperwork that comes before the committee and as stated here is the problem of our lack of technology in our institutions in many instances. We put our first computer in in 1972 to begin to help us on the administrative side of improving our information systems and reporting of information. Prior to that point in time, we were doing much of that work by hand; and you cannot report on 5,000 veterans by hand in an individual counseling office, and that is how the problem of the individual slips through, or the 1,500 that slip through.

I would say in response that most of our institutions—I think ours is merely one example—most of our institutions in the last 3 to 5 years have been attempting to put these systems in place to both make sure that the human responsibility with the individual veteran, but also that the information and administrative responsibility, which is where accountability comes, is also in place.

I am saying, I believe, most of our institutions in the national association have indeed improved their capability now, or are in the process of improving their capability to do a better job, as we move forward into the future. You are right. It does not excuse the past.

I would say to you, however, I think our systems and whether you would like to have evidence of that, we, I expect, could provide that to the committee through some kind of survey now in our institutions are in a better position to do the very thing that you are suggesting, even if not the daily reporting in the classroom but the developing of some kind of accountability system along with the VA in this regard.

Mr. Allen. I appreciate that, but most of what you say would seem to me to be refuted, at least in part, by the fact that the amount of overpayments has been increasing in the past 18 months, rather than decreasing, and that you are doing a poorer job than you ever did before. While you may have a university or college that has gotten out of control in size, where you do not even know who is on campus and who is supposed to be in what classes when, there must be, gentlemen, there simply must be, if we intended this program to give the veterans the benefits they have earned, there must be some program of accountability.

I do not know of any other way—if you can think of one I wish you would suggest it—other than just keeping attendance records like ones kept in grammar school and in high school. In this case, you would report their attendance to the Veterans' Administration, once a month or once every 6 weeks. Their grades would be reported, and whether or not the Veterans' Administration then thought it was satisfactory progress and wanted to continue on, leave that determination for the Veterans' Administration.

But there is, of course, a basic conflict of interest between universities and colleges and trade schools who want to get Federal money and who do not want to lose students; and therefore, the tendency is, let's keep them on, even if they came and attended the first one or two classes and never were seen again for the entire semester.

Yet, we have found this instance after instance, by the thousands, where they continue to draw money. I want the support, and I want to succeed with the effort of Congressman Edgar, for getting something done about this delimiting thing. We are going to need some kind of definite insurance, more than just generalities, that we are approaching the problem, that we are studying the problem. After 10 years, we should have the answer to the problem, it seems to me.

Mr. Mottl. Thank you very much, Mr. Allen.

Does our distinguished staff director, Mr. Meadows, have any questions of the witnesses?

Staff Director (Mr. Oliver E. Meadows). Mr. Chairman, just one thing, in the matter respective of Florida Junior College and the problem there, and the problem that appears to be the problem throughout the system. In this attachment to your statement, I believe the Florida Junior College's own memorandum gets to the heart of the situation. It is on the last page, the middle paragraph. "This college has never had a mandatory attendance policy in college credit courses. Several years ago academic probation and suspension policies were dropped."

Now, as we investigated that school, and I want to emphasize that we do not see this as particularly an isolated case, we found no attendance policies, no standards in grading, and contrary to the inference to Mr. Walsh that you made of an isolated case, we found that there were about 6,000 veterans enrolled, innumerable examples of individuals who had gone to school semester after semester, and as many as nine semesters, and had never passed one single, solitary course, or accumulated a grade point, who were being carried in good standing by the institution.

When this committee's investigators went there and brought it to the attention of the school, the school began to survey its situation. Now, according to the memorandum, they have dismissed 25 percent of their student body of veterans, which is a group of 6,000.

Now, the plain fact of the matter is, as we see it, that there was not any semblance of any grading policy. There was no semblance of any progress policy. There was no semblance of any attendance policy, and these people were enrolled semester after semester and paid by the U.S. Government, and there was not one single soul, as the gentleman from Tennessee implied, that knew they were on the campus or what they were doing.

When a little bit of attention was focused on this institution, they got rid of 25 percent of their veteran enrollments, and now are saying that they are going to do better.

Now, if this was just one school, it would not be so bad, but the evidence is quite clear that this pattern emerges across the country. The VA, in an effort to do something about this, asked the State approving institutions to require the institutions to send forward some new standard of grading and progress. That deadline has just passed. We are now being told that a good many institutions have resisted the idea that anybody ought to tell them anything.

But certainly, in line with what the gentleman from Tennessee said, the U.S. Government cannot pour money into these institutions indefinitely for people that are not going to school; and the frank point of the matter is that these people are not even in school. They are not even on the campus. They are simply carried on the rolls.

Now, my question to you, Dr. Tirrell, is, you have admonished us to stay out of your business, for the Federal Government not to try to tell you how to run your business. Now, what assurances can you give us that you are going to run your business and help us see that there is some kind of at least minimal grading policies and progress policies through the junior colleges across the country?

Dr. TIRRELL. I appreciate your confidence in our running the business, but unfortunately, we work for the institutions; they do not work for us. But I think the evidence is clear that 95 percent of the veterans are making good progress and taking advantage, positively, of these opportunities.

I am not quite as clear that the evidence is that Florida Junior College is just an example and our other 999 members are like it.

But more positively, sir, I think I would be interested to see the kinds of evidence that is coming in as a result of the VA's March 31 deadline. I think there will be evidence of a considerable amount of cooperation, as indicated in the *Florida Junior College* case.

On the other hand, particularly in our institutions—and back to Mr. Allen's question as well—local people are elected as trustees, just like you people at the table are elected. A large percent of their expenditures are from local tax funds. The second largest expenditure is of State tax funds. And the smallest expenditure—6 to 8 percent for our institutions across the country—are Federal tax funds. And if that locally elected board of trustees goes out around Jacksonville and gets reelected by their fellow citizens, who mainly spend their tax money, think they can do better by their student body—whether it be 18 or 19 year olds, women trying to return to the work force, helping minorities with those policies, I still think, sir, quite honestly, those will be the guiding policies although, of course, I would guess, if they really have substantial numbers not attending that are getting support also from other tax funds, these things would be remedied.

I end up by saying, maybe not very popularly, but I think some of your witnesses later this morning, some of these veterans, to hold their heads up, were not going on the welfare line, or going on the food stamp line, and when their unemployment benefits ran out, to put food on the table, were trying to help themselves through with the other things they had earned, and as Mr. Allen has said, through the veterans' benefits. Now, I do not know whether that is 5 or 5000, but I do know that to be the case in some incidences. So, I think we have been in a very difficult situation with the massive growth we have had in unemployment and economic problems. But if you ask me, Mr. Meadows, we cannot order our colleges to do it, because they are run and managed by locally elected officials.

STAFF DIRECTOR (Mr. Meadows). Would you tell them that it looks like they are going to have to try?

Dr. TIRRELL. We have already, sir, and of course, if you or I were in Jacksonville on this board that controls that institution, we obviously would be concerned.

STAFF DIRECTOR (Mr. Meadows). Briefly, on that point, then. I am not convinced, from some contacts we had from individuals in the State legislatures who have paid attention to this matter, that those individuals in the State legislatures are particularly happy about making State appropriations for students that do not appear to be in attendance. I am not at all sure that local citizens that have to appropriate money for State funds understand the situation, or would condone the situation of individuals being reported in good standing in large numbers when, in fact, it does not appear that they go to school.

But just let me close by one question to Dr. Ellison. Dr. Ellison, we have received information that about 700 students at Cuyahoga Community College, probably in the Metro Branch, have been terminated effective April 7, for failure to show satisfactory progress. Do I take it this is some action of the increasing activity and efforts that you were describing to weed out some of these people that possibly should not be on the campus?

Dr. ELLISON. Let me first of all say that the specifics of that information I was somewhat surprised had reached your office already. Let me explain that information briefly so that I can respond to it.

We take very seriously, our institution, the whole issue of accountability, whether it is between the students and the institution, the faculty and the teaching program and the administration or where our institution is going. We take those issues very seriously. We believe we have the commitment of the board of trustees. We believe that the president represents the commitment of the administration, and we have taken some rather forthright steps to in the last year and a half—I am the new president there as of July 1, 1974, and it is very clear in our institution that that accountability is very important and that we intend to be accountable not only to the local taxpayers, but to the State of Ohio.

We were aware of the several regulations that are now moving through the system, the DVB circular of August 1974, and the January memorandum from the Ohio approving authority to our own accountability in some areas. That particular act was one to notify, after culling all the veterans' records, some 45,000 of them, since January, culling every veteran's records in the institution; and where there was any indication at all of nonaccountability to certain requirements of students' progress in our institution, we took the step to say to those veterans, some 700 of them—and I think there might be a misnomer in the termination—because we believe that we ought to sit down with and that was what I mandated, to sit down with the counseling staff, as overladen as they are, and go over the record of the veteran in our institution with that veteran, to try to help that veteran understand where he or she is in progress toward some educational goals.

Now, my assumptions are—is the note that you have the note that required the veterans to come in to talk with our counselors about what appear to be problems in their records, or they will be terminated by a date?

STAFF DIRECTOR (Mr. Meadows). It is my understanding, Dr. Ellison, that these terminations are in the Veterans' Administration offices.

Dr. ELLISON. I will check that when I get back. It is my understanding that it is our institution's efforts, at our own initiative, to deal with this.

I hear you and I hear the committee saying you are not getting that kind of feeling about what is going on in our 1,000 community colleges across the country. I can guarantee the committee, as a director of a national organization, that the next directors meeting, I will raise this question with at least those that represent our national organization to indeed determine whether or not the problem is as vast as I am hearing the committee say it is, and I would be more than willing to report that information back.

STAFF DIRECTOR (Mr. Meadows). Mr. Chairman, thank you.

Mr. MOTTL. We appreciate that, and we appreciate that Dr. Ellison is new in his position, and since he has taken over a couple of years ago, has done an outstanding job, and when this problem was brought to his attention, he responded quickly, and I am sure in our community college, we will not have any future problems in this area, because of his leadership.

Does the gentleman from Pennsylvania have any questions? We will start with the second round of questioning if so desired. Mr. Edgar?

Mr. EDGAR. Yes; I do.

Mr. MOTTL. I am sorry; the gentleman from South Carolina had a question.

Mr. HOLLAND. Thank you, Mr. Chairman.

On this committee, I represent the veterans and not the Veterans' Administration, and in my judgment, what you do is not Federal spending. I thought I would make that clear, my philosophy of thinking. What you are doing is investing Federal money in the future of a lot who have earned the right to attend the institution. I am encouraged at your statement that 95 percent of the recipients of this investment do not abuse it. I think that is encouraging.

They tell me that 92 percent of the people who receive food stamps meet all the requirements of the law, so you are a little better than that program. It is a pretty good grade, and I compliment you, and I want to tell you that, on this committee, I support you. I think we cannot afford not to provide educational opportunities for the veterans of whatever classification of young people in this country.

Mr. MOTTL. I had Mr. Kitchel hand me a note. I think we should put this in perspective. The overpayments in fiscal 1976 will be approximately $1 billion, $1 billion in overpayments for 1976, and this means that approximately 17 percent of the total appropriation is in overpayments. It is getting outlandish and ridiculous.

So, it is not just 5 percent of the total. It is 17 percent of the money for helping the needy GI that does into overpayments, just to put this in perspective.

The gentleman from Pennsylvania, Mr. Edgar.

Mr. EDGAR. I appreciate, Mr. Chairman, the opportunity to go at a couple of other questions, and I do not mean to prolong it. I would like, however, to do two things, and the first thing, I would preface by saying, I would probably like to be tactfully blunt, and I have been that way before.

I would like to, in just responding to what I have been hearing this morning, and reading a little more carefully the testimony, I would like to compliment Dr. Ellison for his grass-roots response to some of the questions, and I think with your perspective of being a president of a local community you—I could tell in your responses—have some real feel for the kinds of problems that we are confronting.

As was indicated before, some of us are interested in extending the delimiting date. All of us are interested in the GI educational program and its impact on the lives of individuals. I believe very strongly that many of these individuals will find their way through the community college system to other college systems, and eventually to degree-granting status and productive members of our society. So, I do think that you have a great mission, and I appreciate your comments.

Dr. Tirrell, I just sense in some of your responses and reaction to some of the questions maybe an inability on your part to feel the sense and the mood of where we are as a committee, as well as what the problem is at the grassroots level; and I guess I said that I was trying to be tactfully blunt. I think that we need assurances on the part of this committee that the community college, the regular college, any institution of higher learning that is providing services to veterans and those veterans are receiving Federal dollars, are willing to do all that they can to reduce the overpayment problem, so that we can, whether it is 17 percent or 5 percent, put the overpayment problem aside and get to the business of educating people to provide services for our future.

I have some specific concerns about some of the statements which you have made, which I think Dr. Ellison particularly soothed over, and I would just share this with you. I have some concern as we begin public hearings on the extension of the delimiting date that the Association of Community and Junior Colleges come prepared to articulate very well for us not only the impact of GI educational benefits on your institutions, but in a clear way, help us to see that if we do make an additional investment, that investment will be a secure investment.

I guess my specific second part and final question is, it would be helpful to me if you would provide for the record, either of you, specific rules and regulations that impact on you in a negative way. You were talking about the many thousands of rules and regulations that the Veterans' Administration has imposed. What changes in those rules and regulations would you suggest which would make some sense? What recommendations would you have of rules and regulations and form procedures that could enable your colleges and universities to better inform, certify, report your system about the veterans to us? What suggestions do you have to the Veterans' Administration to improve their system of evaluation and reporting?

Another part of that is, as you understand the law, are there any law changes that you would like to see, any things that could be done through legislation? I asked this of the Veterans' Administration, and there was very little that they thought could be done by legislation or law, a lot that could be done by changing and refining the rules and regulations.

I would appreciate it if you would spend a little bit of time from your grassroots position providing that information.

Mr. MOTTL. I thank the gentleman from Pennsylvania.

I would like to associate myself with the remarks totally, as far as the responses and statements given by the two gentlemen here.

Is there any further question from the gentleman from California?

Mr. HANNAFORD. No further questions, Mr. Chairman.

Mr. MOTTL. The gentleman from Tennessee, Mr. Allen.

Mr. ALLEN. I simply want to express my agreement with the overall policy, as enunciated by Mr. Edgar. I am interested in the veterans, that their educational rights be preserved, that they not be denied. But I want to be in a position, as I know Mr. Edgar wishes to, to give my colleagues some assurance that if we do indeed continue this program, it is not going to be on the basis of business as usual, because business as usual will not get it done, and we will fail, probably, in this committee, and if not in this committee, certainly in the House of Representatives.

So, it is incumbent upon not just the Veterans' Administration but also upon every college, every university and every trade school to come to grips with this problem and to realize the very real concern that the Congressmen have in appropriating additional millions of dollars under a system where 17 percent of the money that has been paid out in the last year has been in the form of overpayment for services not received.

Now, that, of course, is what we know about. We do not know how many more there were, but this is what can be identified; 17 percent are identifiable.

I would hope that you gentlemen will communicate this back to the community colleges across the country. If they want this program continued, they need to help us in the Congress who likewise would like to have it continued, by giving our colleagues some assurance that it will not continue on the basis that it has for the past 10 years, and particularly in the past year or two.

Mr. MOTTL. Thank you, Mr. Allen.

Does the gentleman from South Carolina have any further question?

Mr. HOLLAND. No.

Mr. MOTTL. I have two directly to either one of you gentlemen. By having so many people on the rolls in the university or community college, does that mean additional moneys come forth from the State or Federal Government? Does it matter if you have a bigger enrollment or a smaller enrollment?

Dr. ELLISON. Well, each of the States operate in a somewhat different fashion, in terms of how they fund and finance higher education. Generally speaking, institutions are reimbursed on a cost-per-student basis; that is, the basic support of an institution is made up, normally, in one of three ways: local taxes that is based upon the ability to pass a millage with no limits on the question of enrollment. Students pay tuition in most States and community colleges that normally make up about a third of the tuition and State costs; State reimbursement for each person in the institution then comes from the State legislature normally, and that is about a third of the cost. In many institutions—we use the term one-third, one-third, one-third, as applicable in those States where there is a local millage for support of the community college.

Many State systems now do not, in fact, allow, by taking community colleges into State systems, local taxes, and that, then, creates a different mix on how the dollars are there. But the specific answer to your question is that most State funding in community colleges nationally, in those States that have community colleges, is related to an ability to pay the institution based upon the number of students that enroll and indeed are accounted for on a cutoff date within that year.

That is, most institutions will have a cutoff date, where they do have to certify that there are students that are there, enrolled, and are legal students in that institution, and it is on that premise that, in fact, States provide, in many instances, the dollars for support.

Mr. MOTTL. Under the present GI program, and under the laws as promulgated by the Federal Government, there is liability assessed to a community college if they are derelict or negligent in not reporting promptly. Do you have any evidence that any of your institutions have been assessed any funds, and to what extent? Have you any evidence of this? We would very much appreciate receiving it.

Dr. TIRRELL. I will attempt to be tactful in my response. We put a little table in, and just telephoning 10 or 12 colleges around the country; as you will see, some of the institutions have—and one of their complaints was that the letter from the VA go to the student and the institution the same day. Unfortunately, some of the colleges do not have the opportunity as Dr. Ellison has had to work on their records before and try and warn students.

To the best of our knowledge—and I would be very happy if your able counsel could get this information—we cannot find anybody that has ever been made to pay money back.

I think at this table on April 29, Mr. Rufus Wilson cited a case, was it not in Hawaii?

Mr. MOTTL. So there has not been one community college in the United States that has been assessed under this part of the law?

Dr. TIRRELL. They have had letters saying that they are going to be, but quite honestly, sir, and I would be very happy if Mr. Meadows can find one that has had to pay.

Mr. **Mottl**. That is amazing, and I think the gentleman has one further comment.

Dr. **Ellison**. Could I make one comment in this regard? The issue of liability on the part of institutions is an increasing problem for community colleges and of course all institutions of higher learning. Most of these institutions are run as a function of legal, governing bodies with citizens in the communities who have given of their time, in all instances, without pay to try to provide leadership for these institutions. Increasingly, the difficulty of finding good people to serve on these boards is directly related to this issue of liability.

Now, in most of our institutions—I am saying this to make sure you are aware of the dilemma that is involved with the issue of liability. Ultimately, for acts within institutions either administrative acts of commission or omission, the liability accrues either at some kind of partnership relationship between an institution legally, as a board, and the internal processes of that institution.

It is my hope in the future that the problems that we are facing and talking about in terms of accountability are the kinds of problems that we can resolve without having to resort to payments in areas of liability, because I believe that would be counterproductive to getting good people to serve on our boards.

I think what we want to clarify and make clear in whatever processes and new directions we are taking in our institutions to be more accountable is to make sure boards understand what the potential liability concerns are, so that they can become, in fact, much more scrutinizing of the processes of institutions. I would simply throw that out because I would not want the assumption to exist in the committee that somehow merely pinning liability on institutions is going to solve our problems. It indeed might make it worse.

Mr. **Mottl**. Dr. Ellison, this is not personal liability to the board members; this is to the institutions. So, if there is overpayment under present law, they can go to the institution. If they were at fault in not reporting to the Veterans' Administration, it would be the liability of the institution, not the individual.

Dr. **Ellison**. There is a little fuzziness, I guess, is what I was saying, in this question. I resort to my legal counsel, to help me sort out some of these issues, and I would just say that there is some fuzziness here.

Dr. **Tirrell**. Unless there was outright fraud such as the case of a faculty member enrolling himself in his course, we do not assume any repayments. I waned to make sure of that.

Mr. **Mottl**. Thank you.

Mrs. Heckler.

Mrs. **Heckler**. I am a little puzzled that the VA has claimed that it has recovered some of the overpayments. Since nearly 60 percent of the overpayments occurred in institutions that were community colleges and junior colleges, and you have said that there are none that you know of that have been assessed for the overpayments, what is the meaning of the VA's claim?

Dr. **Tirrell**. I would guess from the veteran himself.

Mrs. **Heckler**. Yes; but have they been assessed? You know of no cases in which there has been a collection, but has there been an assessment?

Dr. **Tirrell.** Yes; there have been letters.

Mrs. **Heckler.** Can you say how many clear assessments, how many letters threatening assessment, how many actual assessments?

Dr. **Tirrell.** Threatening. I am afraid that is not the correct legal word, but assessing liability; and the testimony will show, when they pushed this through—the case Mr. Wilson discussed at that point—the Federal Attorney General—and I do not think it was one of our colleges—did not feel they wanted to take it to prosecution.

Mr. **Mottl.** Will the gentlewoman yield?

In your opinion, do you think if these institutions were assessed they would be prone to more cooperation with the Veterans' Administration, as far as progress reports are concerned?

Dr. **Tirrell.** I cannot help but believe that they would. I think, with Dr. Ellison, our association would—if anyone was bordering on fraud and not following the law—exercise its peer sanctions on people to get in line.

I think Congresswoman Heckler, even these letters of liability have helped to move along and get boards and other people more concerned.

I wish I could be more specific on that point, but honestly—and I think they have a responsibility—the Veterans' Administration is very careful in releasing any information of that kind. I will not say they are holding it back or anything, because they have a responsibility, but we just have not been able to find out.

Mrs. **Heckler.** Well, I think a great deal of this will depend on the internal policing of your own organization. As you can see, Dr. Ellison is speaking for his own institution, and as a member of your Board. At the same time, your organization has a great deal of responsibility here, in terms of its integrity in dealing with the problem.

I have a question. The reports on dropouts from junior colleges today—how are they handled for junior colleges? A veteran enrolls and drops out, and he is no longer entitled to benefits because he is a dropout. How is this communicated, and how quickly, to the VA, so the VA has notice and can suspend payments?

Dr. **Tirrell.** The 30-day reporting requirement which is, I believe, in the law—and this series of meetings which I mentioned, starting with Mr. Roudebush on January 7, with the staff, we worked out, comma by comma, four different ways, by the last class report a student had, his last exam, et cetera, and circulated this on roughly, February 7 to our 1,000 institutions and said, now, this is agreed that this is the way to do it.

That was what we were referring to earlier that some of these things are coming to resolution, it appears to us. There are four ways now agreed to between the Veterans' Administration, our institutions, and other member of the higher education community. I know Mr. Allen's concerns are very legitimate—but in this day and age of a lot of different kinds of education going on besides sitting in a classroom 50 minutes, three times a week. The VA and colleges agreed to determine the veteran's last date of attendance as follows: One to rely on student reports, second on the faculty member's book, third the veteran's last exam, and the fourth one that the VA will accept the student's statement of last attendance.

That puts it again in this contract relationship between the VA and the veteran.

Mrs. HECKLER. Well, I would like to know how much time could expire between the period in which the student drops out and the VA is informed?

Dr. TIRRELL. We make every effort to comply with the 30-day requirement.

Mrs. HECKLER. So, 30 days after a student drops out——

Dr. TIRRELL. Yes; to give them the date that he did last attend. That is, every effort is made to get the last date of attendance. Sometimes, it may be the end of the semester, but then you go to the faculty member's book and say, it was 2 months earlier, but then his payments end as of that date.

Mr. Chairman.

Mrs. HECKLER. Thank you, Mr. Chairman.

Mr. MOTTL. Mr. Tirrell.

Dr. TIRRELL. Mr. Chairman, the VA did not call attention—in some of these discussions to the notices they place in two of the veterans checks they tell the veteran their responsibilities if they are not in attendance, and so forth. These kinds of things, simple and mundane as they are, are helping to tighten the procedures up.

Mr. MOTTL. The subcommittee would like to thank you, Dr. Tirrell, for your help, and especially thank you, Dr. Ellison, for your articulate answers, your sincerity in trying to do something to help us in clearing up and cleaning up this mess. Thank you very much, both of you.

Next, we will hear from the National Association of State Approving Agencies, Mr. Marvin Busbee, National Legislative Director, Columbia, S.C.

STATEMENT OF MARVIN BUSBEE, NATIONAL LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES, COLUMBIA, S.C., ACCOMPANIED BY STERLING R. PROVOST, COORDINATOR, VETERANS AND VOCATIONAL TECHNICAL EDUCATION; AND PAUL S. SMELSER, DIRECTOR, VETERANS EDUCATION SECTION, STATE DEPARTMENT OF EDUCATION, STATE OF MISSOURI

Mr. BUSBEE. Mr. Chairman, in the time left, I will endeavor to summarize my statement in lieu of reading it.

Mr. MOTTL. Do you have a formal statement, Mr. Busbee?

Mr. BUSBEE. Yes; I have filed a formal statement.

Mr. MOTTL. Fine. Without objection, your formal statement will be submitted into the record, and the Chair, hearing no objection, the statement is submitted.

[The prepared statement of Marvin Busbee follows:]

STATEMENT OF MARVIN P. BUSBEE, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES

Mr. Chairman and Members of the Committee:

On behalf of the National Association of State Approving Agencies, I appreciate this opportunity to present this statement regarding the functions of our agencies.

The office of Legislative Director of our Association, is an appointive office which I have been honored to hold for approximately 13 years.

I am an employee of the State of South Carolina, Department of Education. My position is Chief Supervisor of the State Approving Section and I have been affiliated with this Section for 29 years.

Your opening statement of April 8, 1976, identified the overpayment problem as being of utmost concern to the Congress. This has also been of great concern to a majority of the State Approving Agencies. The various causes of the problem have been identified in two documents—"A Report to the Committee on Appropriations, U.S. House of Representatives" and "The Report to the Congress" by the Comptroller General of the United States.

These documents, in addition to identifying the problem offer the causes as, "(a) Legislation was changed to provide for pre-payment and advance payment of benefits. (b) VA lost control over its administration of the education program. (c) Abuses of the education program by students and institutions increased. These were identified in "A Report to the Committee on Appropriations"—page 11. (d) Changes in school policies that led to abuses of educational benefits. (e) Failure of some State approval agencies to carry out their function." The last two, I have added from a study of these reports.

These documents also offer solutions, recommendations, evaluations and other pertinent information. Any remarks that I might make along these lines would be superfluous.

Inasmuch as the staff of the House Committee on Veterans Affairs has always solicited suggestions, both individually and collectively, from our Association and its members, we reported to the staff, during a meeting on March 18, 1975, that we were cognizant that eligible persons were receiving educational allowances to which they were not entitled.

In addition to the above discussion, our Association adopted a resolution stating that colleges and universities were not enforcing adequate controls of attendance and progress of veterans and urged that steps be taken to prevent a continuation of this waste. Copies of this resolution were sent to the Chairman of the House and Senate Committees on Veterans' Affairs (copy of this resolution is attached as Exhibit "A").

Prior to August, 1975, at which time the regulations were revised to require standards of progress being enforced, State approving agency responsibilities, according to Title 38, U.S. Code, paragraph 1775, and our Contract, were that upon receipt of an application which should be accompanied by copies of the institution's catalog or bulletin, we must determine:

(a) That adequate records are kept by the educational institution to show progress of each eligible person or veteran. (Note: the word kept)

(b) We must also find that the educational institution maintains a written record of the previous education and training, with the training period shortened proportionately and the eligible person or veteran and the administrator so notified.

In addition, paragraph 1674 entitled, "Discontinuance for Unsatisfactory Conduct or Progress" states, "The Administrator shall discontinue the educational assistance allowance for an eligible veteran at any time the Administrator finds that according to the regularly prescribed standards and practices of the educational institution, his conduct or progress is unsatisfactory."

The majority of the schools are cognizant of the portion of this paragraph which states, "Regularly prescribed standards and practices of the educational institution," and continuously bring this to the attention of the State approving agencies.

Paragraph 1773 entitled, "Cooperation" states, "The Administrator and each State approving agency shall take cognizance of the fact that definite duties, functions, and responsibilities are conferred upon the administrator and each State approval agency under the educational programs established under this chapter and chapters 34 and 35. To assure that such programs are effective and efficiently administered, the cooperation of the Administrator and the State approving agencies is essential. It is necessary to establish an exchange of information pertaining to activities of educational institutions, and particular attention should be given to the enforcement of approval standards, enforcement restrictions and fraudulent and other criminal activities on the part of persons connected with educational institutions in which eligible persons or veterans are enrolled under chapters 34 and 35."

The majority of State approving agencies have always, to the best of my knowledge, taken the position that they should report any and all violations of criteria conferred upon the Administrator, to the Veterans Administration Regional Office. I have always followed that practice.

In one of the documents, the terminology used is, "honor system." Unquestionably, those agencies involved in the education and training programs of veterans were guilty of using this system until such time as we learned that we had the honor and others had the system. In the early part of Fiscal Year 1975, when we in South Carolina, became cognizant of the abuses, we began a campaign urging schools to promptly report any changes that affected educational allowances and urged those schools having problems in this area, to keep attendance records even though they were not required by law. This has proven fruitful as the majority accepted and started keeping attendance records.

As the "progress" problem became more acute, I found it necessary to divert on-the-job and apprenticeship staff personnel to the institutional section and in July, 1975, I required all my on-the-job and apprenticeship staff to perform both on-the-job and apprenticeship and institutional functions with strong emphasis on school supervisions. Additionally, I recommended last fall to our Veterans Administration Regional Office that for certain schools, we combine forces and make a joint compliance survey and supervision. This joint venture has emphasized to the schools the seriousness of the problem.

The second problem area in your April 8th statement, in which you state may be a bigger problem, covered attendance and standards of progress policies which permitted large numbers of veterans to enroll in schools and to continue to receive educational allowances even though they rarely attended class or failed to maintain a passing grade.

This is of great concern to the majority of State approving agencies, as the aforementioned resolution indicated.

DVB Circular 20–75–84, August 14, 1975, entitled, Standards of Progress, mandated State approving agencies to develop broad minimum standards and direct schools to develop their own standards of progress within the framework established by the State approving agencies. These regulations should help to eliminate abuses in failure to progress and failure to timely report any change in status that would affect educational allowances—provided they are enforced and further provided that State approving agencies have within their standards the suggestion which is found in transmittal sheet 434, in which it states, "A student withdrawing after mid-term will receive an 'F' for the course in the absence of extenuating circumstances." Prior to developing our standards, I made a survey of ten State approving agencies. Of the ten, eight had used the mid-term or earlier according to the transmittal sheet. One stated that his State approving agency would make the decision on an individual basis and one stated it would be according to school policy.

Without this provision in the broad minimum standards, and with schools using a non-punitive grading system that only computes passing grades in the Grade Point Average (GPA), it is impossible to have unsatisfactory progress. Consequently, it is mandatory that requirements for a punitive grade be given and that this grade be counted in the GPA.

The enforcement of the standards by schools, along with timely reporting of changes of status that affects educational allowances, will be the real test. This will involve close cooperation between the Veterans Administration Regional Offices and the State approving agencies; will involve close scrutiny on marginal or problem schools—marginal or problem in terms of laxness or failure to make timely reports; will involve VA discontinuing educational allowances in those schools that are not complying; and will involve State approving agencies in the suspension of approval or disapproval of any course previously approved. Suspension is contingent upon a regulatory change published in the Federal Register on March 23, 1976.

According to the GAO, in the Los Angeles area, 41% of overpayments resulted from veterans and school delays in reporting changes, such as dropping classes or withdrawing from school.

Prior to August, 1975, reporting by institutions of higher learning of changes of status, interruptions or terminations of training, satisfied the requirements of V.A. regulations when reported in accordance with the practice of the institution. Unquestionably, this contributed to overpayments.

The State approving agencies endorse the following recommendations in your report. Comments are not made on B–3 through B–8 as these are not germane to our responsibilities.

B–1. *Reimpose Certifications of Attendance.*—The State approving agencies concur that each college level veteran receiving benefits should submit an attendance certificate authenticated by the school stating that the veteran is still attending the institution, is in good standing, and is taking the course load for which he is receiving benefits. We believe that more responsibility for reporting any changes that affects educational allowances should be placed with the eligible person.

B–2. *Require Timely Reporting by Schools and Require Schools to Enforce Standards of Progress.*—I would add that since the Standards of Progress are now a part of the approval criteria, State approving agencies have the responsibility of enforcing these criteria and they should be held accountable.

GAO states among the ways to improve veterans/schools reporting is to provide more guidance to State approving agencies in terms of periodic lists of the relative ranking of schools in terms of overpayments. The V.A. has concurred with this recommendation. In the past, our (S.C.) approving agency requested information and wrote each school a letter indicating: 1. Number of overpayment; 2. Total amounts; 3. Number enrolled; 4. Percentage of overpayments and solicited their assistance in promptly reporting interruptions, changes in credit hours and any other change that affected educational allowances. This was done in order to preclude further overpayments (Exhibit "B").

There is another problem area which is beginning to surface which is neither covered by Title 38, U.S. Code nor by the Veterans Administration. Institutions of Higher Learning are now taking the class to the students at locations within the same state. Classes are being taught in off-campus locations in which they offer degree type programs, generally in Business Administration. Often they are operated on the mini-semester. Generally one subject is offered at a time and frequently the same subject will be taught for the number of hours required to generate 12 credit hours until it is completed, then another subject will follow the same pattern.

These off campus classes do not qualify according to regulations as either a branch or extension or an additional facility using the guidelines as established in PG 21–1, Change 196, Section M26, August 13, 1973. This PG states there is no hard and fast definition of the terms branch or extension used in FA Regulation 14251 (F). The PG also states a branch or extension is considered to be a separate school, with its own management, administrative staff, faculty, facilities, and student body. It further states an additional facility is a part of the parent school, possibly separated from the parent school by several miles, but an integral part thereof and within normal commuting distance. Normal commuting distance being interpreted that the facilities serve the same community and draws students from the same general locality. The regulations state that additional facilities acquired by a school in the same general locality because of space limitations must meet the following conditions: (1) The school has been in operation for a period of two years or more (2) The school has reached the limit of its enrollment capacity in its present facility (3) The courses to be offered at the additional facilities are the same as those given in the present facilities, and (4) The additional facilities are within normal commuting distance of the present facilities. This regulation has reference to the period of operation of a course but clearly defines an additional facility.

The State approving agencies feel that guidance should be given on this off-campus type of training. Currently in our state, we have ten that have been identified and possibly many more have not been identified as such. The Veterans Administration has refused to pay allowances to eligible persons, and so advised the school, that they will not pay the allowances until an approval is granted by the State Approving Agency. Under these circumstances, we have approved these off-campus type programs as extensions, even though they do not meet the criteria as established as aforementioned. The majority of students attending these off-campus type programs are veterans or service persons on active duty. We have reason to believe that these off-campus type programs may not meet the required number of hours to generate credits in terms of 12 classroom sessions for each credit earned. We declined to approve two of these type off-campus programs when it was determined that classes were not meeting as scheduled. With the number of these operating and with the number of staff personnel that we have available, it is impossible to maintain a check on their activities.

Staff personnel are determined by a work sheet which in turn is devised from the amount of dollars in the budget for State approving agencies. The current work sheet allocates one professional staff for each 150 visits. This equates to approximately 3 visits per week. We have been using teams of four and they in turn spend a minimum of 2 days a week in the school. It appears to me that the number of visits per man should be reduced drastically in order for State approving agencies to carry out the responsibilities as assigned them by the provisions of Title 38, U.S. Code and also the additional services requested by the Administrator. Three major services have been assigned in the past 12 months:

1. Measurement of courses not leading to a standard college degree.
2. Survey of employment while in training in vocational courses.
3. Schools' Standard of Progress.

Drastic increase in overpayments coincides with advance and prepayments and amounts to approximately 21%. The State approving agencies suggest that a second look be taken at this legislation with thoughts of returning to the post payment system.

In reference to Mr. Rufus' statement regarding tutorial benefits in South Carolina, "two persons had been indicted and one convicted." There is something that I would add. It was possible to indict forty-five however, under pretrial diversion, forty-two have agreed to repay. It is also interesting to note this was detected by VA claims examiners.

Mr. Chairman, this concludes my presentation. My associates and I will be pleased to respond to any questions you may have.

EXHIBIT "A"

EXTRACT

REPORT OF THE NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES MIDWINTER CONFERENCE, BURLINGTON HOTEL, WASHINGTON, D.C., MARCH 16–19, 1975

5. The General committee

One resolution was presented regarding attendance and progress at colleges and universities as follows:

Whereas; Agencies recognized to accredit colleges and universities do not include attendance and progress as requirements of accreditation, and.

Whereas; Colleges and universities accredited by such agencies are not enforcing adequate controls of attendance and progress of the veterans who receive educational allowance while enrolled, and

Whereas; This lack of control permits excessive absence and repeat of courses and the veteran getting educational allowance which has led to large amounts of money paid which is unnecessary and legally questionable.

Therefore be it resolved: The National Association of State Approving Agencies urges that steps be taken to prevent a continuation of this waste.

Further that: A copy of this resolution be transmitted to the Chairman of the Senate Committee on Veterans Affairs and the Chairman of the House Committee on Veterans Affairs.

EXHIBIT "B"

STATE OF SOUTH CAROLINA,
DEPARTMENT OF EDUCATION,
Columbia, August 20, 1971.

Information has been received from the Veterans' Administration for the quarter ending March, 1971, that your institution has had overpayments as listed below:

Number of Overpayments; Total Amount; Number Enrolled; Percentage.

Any recoveries that have been made in these overpayments have not been deducted from these amounts.

As you know, VA Regulation 14203 (A) is as follows: "Educational institutions are required to report promptly the entrance, reentrance, change in hours of credit or attendance, interruptions and termination of attendance of each veteran or eligible person who is enrolled."

In cases wherein the institution is not required to submit and sign monthly certifications, the school should initiate any certifications, any information regarding changes, or an interruption or termination of training, must be reported during or immediately after the end of the month in which the event occurred.

In institutions of higher learning, this requirement will be satisfied if the official date of change of status, interruptions, or terminations is reported in accordance with the practice of the institution.

This is to solicit your assistance in promptly reporting interruptions, changes, credit hours, etc., to the Veterans' Administration in order to preclude overpayment to veterans.

We, in the state of South Carolina, and in the State Approving Section, have always taken great pride in our institutions reporting promptly these changes and again, may I solicit your assistance in preventing overpayments by promptly reporting changes.

The State Approving Section is available at any time to be of any assistance to you. The Veterans Administration will also, of course, be glad to help you in any way possible.

Sincerely,

MARVIN P. BUSBEE,
Chief Supervisor,
State Approving Section.

Mr. BUSBEE. I would like to introduce two of my associates, Mr. Chairman, who have joined me this morning, the president of our association on my right, Dr. Stanley Provost, from Utah, who is coordinator of veterans and vocational technical education, Dr. Provost. And we have a past president of our association, Paul Smelser, who is director of veterans education in the State of Missouri.

In your opening statement, Mr. Chairman, you identified problems being of utmost concern to the Congress, and I submit to you, sir, that this has been a great concern also to the State approving agencies. We feel like that the changes that you identified, the problems that you identified in your report were certainly the problems that all of us are faced with.

I would like to add two more to the three that you had, and they are as follows: The failure of some State approving agencies to carry out their functions—that is our group; second, the change in school policies that led to abuses of educational benefits. We became cognizant of the overpayment situation, that veterans were drawing benefits to which they were not entitled, a little over a year ago, and brought this to the attention of the staff of the House Committee on Veterans' Affairs. During a meeting here in March, we also passed a resolution stating that we were very much opposed to what was going on, and suggested that steps be taken to eliminate this continuation of the waste that we could see. We hoped at that time, and it took place later in the year, that something would be done to eliminate all this waste that was going on.

We feel like that in the cooperation between the State approving agencies and the Veterans' Administration, for this program to be effective, for it to be efficient, that there certainly must be cooperation between our two agencies, and I know that the majority of the State approving agencies have always taken the position that they should report any and all violations of the criteria to the Administrator, so that they can take the necessary action to stop this.

Actually, I think what has happened over the last few years, and certainly we are not lily white, the State approving agencies—I would not have it said that way—but what we have been doing is using the old honor system. Then, several years ago, we came to find out that we had honor and the others had the system. So we had to do something about that.

The second problem that you mentioned was, where they permitted a large number of veterans to enroll in schools and to continue to receive their education allowances, even though they rarely attended a class or failed to maintain a passing grade. We feel the same way about that. We have great concern about such things that are happening, so we want to see steps taken, which were taken last fall, to bring some of that to a halt.

Now, these regulations on standards of progress became a part of the approval criteria and the law this past fall. They are not any good at all unless they are enforced by the State approving agencies and by the Veterans' Administration, and by their compliance surveys; and furthermore, if the State approving agencies do not include within their standards of progress the points that were brought out in transmittal sheet 434 which gave us guidelines that a student withdrawing after midterm should receive an F for the course, in the absence of extenuating circumstances.

Now, prior to, in my State, and I have to refer to me, because I am not cognizant of what has happened to others—prior to conducting our standards, I surveyed some 10 or 11 States within my area of the country, plus a couple out, and I found out right then that 8 of the 10 surveyed were using midterm or an earlier date, according to the transmittal sheet. One said that they usually did it on an individual basis, and one said he was going along with the old deal, where the school could use their own policy. So, it appears to me from that, percentagewise, that the State approving agencies, by and large, are endeavoring to adopt these progress standards, so that these veterans cannot stay in school, without making the necessary progress which they should.

We also feel like it is mandatory that the schools have requirements for punitive grading and that this grade be counted in the grade point average. You know, it is one of the things now that they only like to count the good things in the grade point average and throw out the bad things. I guess that philosophy is pretty well localized around the country, in all the schools, but we do not see it that way.

We feel like that anything that you attempt should be a part of the final analysis. In the grade point average, it is courses attempted versus courses completed, along those lines.

So, it boils down to the enforcement of the standards that is actually going to be the real test, and that is going to take real cooperation between the Veterans' Administration regional offices. It is going to take the cooperation of the State approving agencies, to actually keep an eye on these marginal problem schools, and when I say marginal or problem schools, I am talking in terms of schools that are lax and do not make timely reports to the Veterans' Administration on the changes that would affect educational allowances.

It is also going to take the Veterans' Administration discontinuing educational allowances in those schools that do not comply.

It is also going to take the State approving agencies either to suspend—when that regulation becomes effective—it is in the Federal Register right now—that they will suspend the approval or disapprove the courses previously approved when things are not going as they should go.

We would like to endorse, too, the recommendations in your report. The first is that they reimpose the certification of attendance. We do not suggest as to whether it be on a quarterly, weekly, or monthly basis, but we think that the monthly certification of attendance being reimposed will play a large part in reducing the overpayments and also equally important, will play a large part in getting out of school these people who are wasting the taxpayers' money and not doing themselves any good whatsoever. They could be using their entitlement to far better advantage somewhere else, perhaps.

We would like to have more guidance from the Veterans' Administration on a problem that is beginning to surface, and we feel that it is relatively important. We found out that the institutions offering classes in off-campus locations within the State and offering degree-type programs and, generally, it is in business administration—normally, they operate on what is known as something that has surfaced and is relatively new in the past year or two, the minisemester type of thing. They will offer one subject at a time, and frequently, the same subject will be taught for the exact number of hours or less than the exact numbers, to generate credit, enough credit hours until it is complete.

There is nothing in the regulations whatsoever to regulate this sort of thing. They are not branches. They are not extensions. They are not additional facilities. We have found that——

Mr. MOTTL. Excuse me. I am sorry to cut it short. I wonder if you would be kind enough, because of time, if we could invite to share the speaker's table with you the American Association of Minority Veterans Program Administrators, Mr. William Lawson, Director, of Washington, D.C. If he could submit his formal statement and summarize for the committee, and then we can ask questions of both of you. Is that all right with you, Mr. Busbee?

Mr. BUSBEE. Yes.

Mr. MOTTL. Thank you very much for your courtesy.

Mr. Lawson, would you come forward, please?

Mr. LAWSON. Mr. Chairman, our organization is primarily concerned with reporting on the overpayment situation in the media. We are very much concerned about that. We are concerned about the lack of reporting as to the number of dollars that have been recovered in terms of the overpayments.

We are also concerned about the lack of reporting that approximately 95 percent—and I understand, after listening to the chairman this morning that that figure has changed somewhat—of veterans utilizing Veterans' Administration benefits have been using those benefits in a manner in which the Congress intended.

We are also concerned with a figure that is given; 56 percent of overpayments are attributed to veterans enrolled at community junior colleges, and not including also that community and junior colleges enroll over half the veterans that are participating in VAEP, the Veterans' Administration educational program.

We are also concerned about the fact that the Veterans' Administration conducts compliance surveys, that the records of overpayments are based on surface evidence initially. Later, the institution or the veteran in a lot of cases are found innocent of any wrongdoing, but this, we do not see in the media. We are concerned about those kinds of things, Mr. Chairman.

I do not point out those concerns in an effort to point blame; I am just trying to put things in their proper perspective, things that are probable causes as to why certain things occur, and I think only after we do that can we get at the real problem. Only after we have identified why things happen can we work toward solving those problems.

Regarding the standards of progress, Mr. Chairman, in Mr. Rufus Wilson's testimony, he mentioned a number of schools that had been researched and found to have large or enormous overpayment and liabilities. I have identified at least three of those schools to be historically black institutions. We are concerned in that area, in that Friendship Community College, Lawson Community College, Federal City College—we are concerned there, Mr. Chairman, for the simple reason that, granted—and this is by no means any kind of justification for those institutions and the overpayments, but we have to also remember that historically, black institutions and predominantly black institutions are relatively small institutions.

These institutions lack the sophistication of computers. They lack the sophistication of reporting procedures, and they lack the financial capabilities of bringing in the expertise to help them eliminate or to prevent them from creating many of these problems that cause overpayments.

We also are aware of the fact, Mr. Chairman, that because of the budget that many of the institutions have, they are not able to send their administrators and their faculty members to conferences whereby expertise is shared and ideas are commonplace.

Regarding advance pay and prepayments, Mr. Chairman, we realize that advance pay and prepay has caused considerable problems. Whether or not our association endorses the elimination of these two programs, I cannot say now, because I reflect back to the number of minority and low-income people that have to—or that must attend postsecondary educational institutions in an effort to improve upper mobility, that in most cases, they cannot pay tuition prior to registration or at the time of registration.

We are concerned about the overpayments. We realize it is a problem.

Mr. MOTTL. May I ask a question at this point? I think it would be helpful to the committee.

If we went back to the old program of postpayment versus prepayment, where we had a liberal program where a person could show that he is indigent, he needs the money and could get an advance payment, would that suffice for your association?

Mr. LAWSON. We have no problems with that, Mr. Chairman, such as we have no problems with this in some cases where institutions have given veterans deferments until they receive their checks, but this too in the past and under the old system has caused problems for the Veterans' Administration, whereby a substantial number of checks have been delayed.

This was emphasized during Mr. Nixon's tenure, when Correspondent McLendon stood up and said, "Mr. President, why aren't the veterans receiving their checks?" So, we may possibly be creating another problem, but I think that those kinds of things can be worked out, Mr. Chairman. We have no problem with that.

Reporting procedures—as was indicated by Dr. Tirrell and Dr. Ellison and other members of the higher educational community, Mr. Chairman, the 30-day reporting period has caused serious problems with the three principals involved; that is, the Veterans' Administration, the veterans, and the educational institutions. Some institutions have refused to certify veerans for this summer session for that reason.

I am told that this is not a form of punishment for the veteran, but simply that schools find it virtually impossible to comply with the 30-day reporting period.

Mr. **Mottl.** Mr. Lawson, if I may—if we could stop right here—and your testimony is going to be extremely valuable to the committee. If we could proffer a few questions at this time to you, Mr. Lawson, and also to Mr. Busbee, we would certainly appreciate that, and I think it would be very helpful to the subcommittee.

First of all, I will go to my colleague from Massachusetts, Mrs. Heckler.

Mrs. **Heckler.** Thank you, Mr. Chairman. I want to thank the witnesses for cooperating with us. As you say, time expired today, but we are deeply interested in your testimony, and your statements. Please know that your statements will be considered very carefully by the committee.

Mr. Busbee, page 14 of the House Appropriations Committee report states, and I quote, "In one State, the investigative staff was told by the VA initially that the state approving agency impeded the VA more than they assisted. That official told us that the State approving agency in this State was a waste of money. He said that time and time again, his staff finds discrepancies in the schools after the SAA has finished its reviews and has given its approval.

"Also, when the VA has made reports to the SAA concerning accreditation matters, the SAA has failed to take action on them." Would you comment on this statement in the House Appropriations Committee's report?

Mr. **Busbee.** Yes, I would be glad to. It appears to me that in that particular State that, assuming all those things are correct, and I do not doubt that they are not, that the Veterans' Administration ought to exercise the portion of the contract that says noncompliance in their business with that particular State, if they are not following through in which they are supposed to. Does that answer your question?

Mrs. **Heckler.** Well, can you explain how an SAA report would state that the college has complied with the VA, and then have the discrepancy in reports later in which the VA finds that there were no attendance records, et cetera, as in the Florida case?

Mr. **Busbee.** It appears to me that somebody went to sleep on the job, and it obviously was incorrect, is the only thing I can say.

Mrs. **Heckler.** Do you have statistics on the employees of State approving agencies? What kinds of backgrounds do they have? What do they do after they leave the State approving agency positions? Do they use this as a steppingstone into other educational opportunities?

Mr. **Busbee.** I can only speak for the State approving agencies in South Carolina. The employees that have left our staff have not gone into the other divisions of the department of education. They have gone into outside activities. The few that we have lost have been a very small percentage. They seem to like what they are doing; and they stay with us.

Mrs. **Heckler.** Thank you, Mr. Busbee. We could go on and on, both of you gentlemen, but I would like to ask this question of Mr. Lawson. On page 7, you recommend an evaluation of job descriptions of campus VA employees. To your knowledge, what kind of functions do vet reps and work-study students perform?

Mr. **Lawson.** The work-study and the veterans' representatives on campus, to my knowledge, or the veterans' repersentative is there to act as a liaison between the institution and the Veterans' Administration, to assist in interpretation and clarification of VA regulations and information bulletins, and things of that nature.

I am also aware of the fact that vet reps are being used in other capacities by the Veterans' Administration to handle other kinds of paperwork, and things of that nature.

The work-study student I have some problem with, Mrs. Heckler, for the simple reason that the individual can do menial jobs because they are there for maybe a semester, and the next semester, they may be working in some other area; therefore, there is a constant retraining and because of this constant retraining, there is the possibility of errors being made by these work-study students in handling documents as they pertain to the institution.

Mrs. HECKLER. Thank you, Mr. Chairman.

Mr. MOTTL. Thank you, Mrs. Heckler.

Mr. EDGAR. Yes, Mr. Chairman. I find it a little bit unusual that we have a consolidation of the witnesses at this point. I appreciate and am glad that the witnesses are willing to do this, but if our concern is that we have a billion dollars of overpayments, then I do not necessarily see the relevance of simply asking the witnesses to throw their testimony in and not have time to adequately ask the questions.

It might help—and I will just offer this as a suggestion—that we might plan an additional day of testimony to explore the question a little bit further, because there are some questions I would like to ask, in terms of minority representation and prepayment. There are some questions about what the National Association of State Approving Agencies does. And there are some definitions of terms which are——

Mr. MOTTL. Mr. Edgar, the Chair will certainly take that under advisement.

Mr. Lawson and Mr. Busbee, could you readily make yourselves available, if we have another day of testimony?

Mr. BUSBEE. I believe I can, sir.

Mr. LAWSON. Yes, sir.

Mr. EDGAR. I appreciate that, Mr. Chairman, because I think that there are some very important questions to ask and some information we really need.

Mr. Lawson, you talked a little bit about the veterans' representative program. How do you think, not only your organization but how do you think the veterans' reps on campus could assist in the elimination of overpayments? Are there some specific suggestions that you might have?

Mr. LAWSON. Mr. Edgar in my travel and I travel extensively providing technical assistance and interpretations to institutions throughout this country and in talking with college officials the primary concern really is not impinging on institutional policy but that they receive some assistance. First of all they do not have the manpower to handle the kinds of paperwork that is required by the regulations and by information bulletins by the Veterans' Administration.

If the vet rep could assist in handling this kind of paperwork and this is not impinging on institutional policy. They are assisted—these are the two most important entities besides the veteran that are working together to try and alleviate the situation. So I think if that vet rep could be used more in the manner in which the GAO describes the four areas in their testimony, directly in that manner, that the vast majority of overpayments could be curtailed.

Mr. Edgar. I noticed in your testimony that comment about the amount of money spent for the forms and regulations. In your opinion, what is an adequate figure for reporting and certification?

Mr. Lawson. I would say, Mr. Edgar, in the neighborhood of $15 and $20 per veteran to handle that kind of paperwork and to adhere to regulations administered by the Veterans' Administration.

Mr. Edgar. This is my final question, and it is a little bit off the subject, but there have been some statements made that the effort to extend the delimiting date beyond the May 31 date of this year has solely been generated by the VCIP coordinators on campus, and that most of the generation of letters and mobilization of support for that are the VCIP coordinators. Do you think that is the case, or do you think that, in terms of minority veterans, there is a need to at least investigate or look into what the termination date is going to mean?

Mr. Lawson. As to your last question, Mr. Edgar, I would say, yes; there is definitely a need. And if I might go to your first comments regarding the VCIP coordinator on campus, let met say that they play a small part in terms of letterwriting and mailing to Members of the Congress when they have a concern. It is organizations such as ours. It is organizations such as the National Organization of Concerned Veterans. It is organizations such as the National Association of Veterans Program Administrators, in the concern of the individual veteran.

I was fortunate enough to be in Buffalo a couple of weeks ago, where I was just inundated with questions by individual veterans, not professional people working in a professional manner for institutions, but by veterans and veterans on the street. I had an ex-pro football player—and I am sure he would not mind if I used his name—Ernie Wollack, who played for the Buffalo Bills—come up to me at a function in the evening. In his pocket, he had a letter from the Veterans' Administration, and he knew that I worked in this area, and he said, Bill, what is happening? Are my benefits going to be cut off? I have got a year of eligibility to go, but my 10 years will be up at the end of May 31. He is very concerned.

So, what I am saying, Mr. Edgar, here, is that the veterans in general are basically concerned about the extension of the delimiting date, and not much of this has been promoted by the veterans cross-instruction representatives on campuses. It is the individual veterans, and I come in contact with them every day, Mr. Congressman.

Mr. Mottl. Before we conclude, I request unanimous consent to have made a part of the hearing record a statement by Dwight D. Terrell of the Armstrong veterans committee, Washington, D.C. I would like to thank Mr. Lawson and Mr. Busbee on behalf of the subcommittee for appearing here this morning and afternoon.

[The statement by Mr. Terrell follows:]

May 3, 1976.

Chairman Ronald Mottl,
Special Subcommittee on Education Overpayments,
Cannon House Office Building,
Washington, D.C.

In regards to your subcommittee hearing on May 6, 1976 on education overpayment, the Veteran Association at Armstrong Adult Education Center would like to assist your subcommittee in their authoritative testimony by our representation, we thank you.

Dwight D. Terrell,
Chairman.

ARMSTRONG VETERANS COMMITTEE,
Washington, D.C.

First I would like to make clear that all subjects covered in these statements are for the purpose of assisting this committee in its efforts to find the reason or reasons for abuse of the veteran readjustment educational benefits.

There are cases where some veterans have abused their Ed. benefits and also their exist facts that in some cases the abuses are beyond the vets control. There are facts that show that there are problems which exist elsewhere in the applying and usage of the bill. There also are facts which shows that there are veterans who have made restitution of there abuses. Therefore we would like to offer you our cooperation and to thank you for allowing the veteran to be part of your hearing. And in leaving let me assure you that veterans around the country have a 100% interest in the outcome of this meeting because if the bill has been abused then the veterans rights have been abused.

The subcommittee will now stand adjourned.

[Whereupon, at 12:09 p.m., the subcommittee adjourned, subject to the call of the Chair.]

VETERANS' EDUCATION ASSISTANCE OVERPAYMENTS

WEDNESDAY, JUNE 2, 1976

U.S. House of Representatives,
Subcommittee on Education and Training
of the Committee on Veterans' Affairs,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9 a.m. in room 334, the Cannon House Office Building, Hon. Ronald M. Mottl presiding.

Mr. Mottl. The subcommittee will now come to order.

The last two witnesses at our previous hearing were Mr. Marvin Busbee of the State approving agencies, and Mr. William E. Lawson of the American Association of Minority Veterans Program Administrators. Because time ran out, there was insufficient opportunity for all members of the subcommittee to question these witnesses.

A request was made to call them back since both witnesses are so concerned with the veterans education program and the problems that have arisen regarding both overpayments and unwarranted payments because of unsatisfactory progress.

In addition, we have asked Mr. Rufus Wilson, Chief Benefits Director of the Veterans' Administration, to provide additional information on some recent developments regarding educational overpayments and to be available for further questions.

Mr. Wilson, if you don't mind, Mr. William E. Lawson has to get on to another hearing. Do you have some additional time?

Mr. Wilson. No, sir, that is fine. I am at your convenience.

Mr. Mottl. Beautiful.

If you don't mind we will call Mr. Lawson first, since he has another hearing. Would you come forward then, Mr. Lawson, and give whatever testimony you so desire at this point. And I know you have another meeting.

Thank you very much, Mr. Wilson.

STATEMENT OF WILLIAM E. LAWSON, CHAIRMAN OF THE BOARD OF DIRECTORS OF THE AMERICAN ASSOCIATION OF MINORITY VETERANS PROGRAM ADMINISTRATORS

Mr. Lawson. Mr. Chairman and members of the subcommittee, I am William E. Lawson, chairman of the board of directors of the American Association of Minority Veterans Program Administrators and a Vietnam veteran. In addition, I serve as the associate director of the Servicemen's Opportunity College, a concept which seeks to establish a network of colleges and universities to improve educational opportunities for men and women in military service and as veterans.

Mr. Chairman, I would like to take this opportunity to thank the members of this subcommittee and the Veterans' Affairs Committee staff for affording AAMVPA this opportunity to appear before you this morning. It has been too long since last a minority organization or a minority representative expressing minority concerns has appeared before members of the House Veterans' Affairs Committee to express concerns in the area of veterans affairs. On behalf of the AAMVPA I also thank you for giving me the opportunity to reappear so that my entire statement may be read into the record.

Mr. MOTTL. Without objection, so ordered.

[The prepared statement follows:]

STATEMENT OF WILLIAM E. LAWSON, CHAIRMAN OF THE BOARD OF DIRECTORS OF THE AMERICAN ASSOCIATION OF MINORITY VETERANS PROGRAMS ADMINISTRATORS

Mr. Chairman and members of the subcommittee, I am William E. Lawson, Chairman of the Board of Directors of the American Association of Minority Veterans Program Administrators and a Vietnam veteran. In addition, I serve as the Associate Director of the Servicemen's Opportunity College, a concept which seeks to establish a network of colleges and universities to improve educational opportunities for men and women in military service and as veterans.

Mr. Chairman, I would like to take this opportunity to thank the members of this Subcommittee and the Veterans Affairs Committee staff for affording AAMVPA this opportunity to appear before you this morning. It has been too long since last a minority organization or a minority representative expressing minority concerns has appeared before members of the House Veterans' Affairs Committee to express concerns in the area of veterans affairs. On behalf of the AAMVPA I also thank you for giving me the opportunity to reappear so that my entire statement may be read into the record.

With your permission I will enter my statement upon the record.

AAMVPA is greatly disturbed over the reports by the news media, the General Accounting Office, Veterans Administration and Committee staff members of flagrant abuses by veterans participating in the Veterans Administration education program. AAMVPA does not and will not condone "chiseling," "ripoffs," "fraud," or any form of abuse of the Veterans Administration education program. Mr. Chairman, to read press clippings from almost every corner of this country and to see the large sums of taxpayers' dollars that have resulted in overpayments is at first and second glance frightening. However, what is more appalling is the fact that these news stories do not report:

1. An enormous amount of those taxpayer dollars overpaid were not a result of any form of intentional abuse by an educational institution, faculty member or veteran.

2. Over seventy-five percent (75%) of overpayments are recovered by the Veterans Administration.

3. That approximately ninety-five percent (95%) or more veterans are utilizing the Veterans Administration education program as intended by the Congress.

4. That approximately fifty-six percent (56%) of overpayments to veterans enrolled in community and junior colleges are in part a result of their enrolling well over half of our nation's veterans utilizing the V.A. education program, not because community colleges are bigger "crooks."

5. That the Veterans Administration, when conducting a compliance survey, records overpayments based on surface evidence. Later the institution and/or veteran is cleared of liability but these dollars originally charged are reflected in the $1.4 billion figure before you today, and the fact that a common error had been made or monies have been recovered is not recorded or found in small print at the end of some three or four column news article.

Pointing out the aforementioned concerns is not an effort to place blame, but only to put this situation in its proper perspective. AAMVPA is sure that abuses of the V.A. education and training program are perpetrated by but a small percentage of veterans and institutions of education and training.

AAMVPA having recently learned of a number of historically Black colleges being charged with tremendous overpayments, is greatly disturbed. Mr. Chairman, as far back as the summer of 1975 I have attempted to acquire the names of institutions seemingly abusing the V.A. education program from both the Veterans Administration and on one occasion from staff members of this Committee. When asking for such information I was always told, "a school in Florida, a school in Alabama, a school in Ohio, or a school in Georgia." I was never given specific names of institutions. I soon came to the conclusion that all this secret information was being held for these hearings. Had I known the names of some of these schools perhaps technical assistance rendered by AAMVPA or other veterans' and education oriented organizations might have been able to eliminate a portion of the problems presently being faced by some of these schools and veterans.

Of the schools mentioned in the testimony of Mr. Rufus Wilson, Chief Benefits Director, Veterans Administration, delivered on April 29, 1976, I know three of the schools mentioned to be predominantly Black institutions (Friendship Junior College, Lawson State Junior College, and Federal City College). Many of the predominantly Black institutions are small schools with very limited operating budgets and often lack the sophistication of computers and reporting methods found in larger and predominantly white schools. These schools also lack the resources to draw upon the kind of expertise found at larger and higher salaried schools. Many of these institutions have very restricted or even no travel budgets which do not enable administrators or faculties to attend conferences where the kind of expertise needed and the sharing of ideas is commonplace.

Again, Mr. Chairman, I make no attempt to justify the overpayment situation confronting these colleges, but only to surface a few probable causes. Throughout the testimony by the V.A., dollar figures were used to show the seriousness of the overpayment problem. Mr. Chairman, and members of the subcommittee, I have yet to see a dollar figure which indicates the number of man hours used to provide technical assistance to these schools. One can only wonder at times as to whether or not the V.A. education and training program is one which has been programmed to fail.

In testimony delivered on April 13, 1976, Mr. Wilson made reference to the probable attitude of a small number of veterans of the Vietnam era: "I know that this money is not mine under the law, but I served in an unpopular war and the system owes it to me." I find this kind of reporting of attitude appalling and very degrading to the veterans of the Vietnam area. Although Mr. Wilson did indicate that this attitude was among a small number of veterans, let us not forget that overpayments pertain to only a small number of veterans and look at how on many occasions the problem has made headlines across the country.

I do agree for the most part with the attitude description given of the Vietnam era veteran by officials of Florida Junior College at Jacksonville:

"At some point in time there began to develop among veterans an attitude that entitlement to benefits was a 'right' conferred by reason of prior military service, and that the conditions upon which payments were contingent were mere 'technicalities.' G.I. Bill benefits were looked upon as just another federal 'handout,' along with welfare, food stamps, unemployment compensation, etc. There no doubt were many complex variables at work in this equation, among which may have been such things as changing public attitudes, a general lowering of public standards of ethics and morality, the public attitude toward the Vietnam war, and a feeling among some veterans that they had been unfairly singled out by their government and required to make a disproportionate contribution toward the accomplishment of national objectives, with many of which they were not in sympathy."

It is not hard for a veteran to take this posture toward education and training entitlement when recruiters emphasize the earning of G.I. Bill benefits while serving in the Armed Forces. We must not forget that Chapter 34, Section 1661 of Title 38 United States Code clearly indicates that a veteran has earned the right to become eligible for G.I. Bill programs. Quite often this is interpreted as saying, "I have earned these benefits for having served no less than 181 days on active duty," and there are those veterans who wish to take their interpretation a few steps further. I will not elaborate on this for the very reasons I am appalled at Mr. Wilson's remarks pertaining to the attitudes of some Vietnam era veterans.

Mr. Chairman, with the permission of the Committee I would like to address concerns we find most relevant to the problem at hand.

STANDARDS OF PROGRESS

Many of our members are professionals working at institutions of higher learning in various veteran-related capacities. Another segment of our membership concerns itself with providing services to that veteran who is not geared toward or interested in pursuing a postsecondary education. Those administrators of veterans programs at institutions of higher learning, along with their governing administrations, feel that the V.A. is impinging on their institutional policies. As a result of this serious and growing concern I coordinated a meeting on January 7, 1976 with members of the higher education community representing over 2,000 postsecondary institutions. We met with the Administrator of the V.A. to discuss more specifically problems institutions were and still are facing regarding V.A. regulations as they pertain to overpayments, attendance, standards of progress, and others. The results of this initial meeting and follow-up meetings are enclosed as Attachment A. Attachment B is a small sampling of the kinds of documented concerns I have received pertaining to this matter.

Mr. Chairman, I would be remiss if I did not respond to Mr. Wilson's remarks of his April 15, 1976 testimony: "Through meetings with representatives of the academic community, we made that group aware of the problems and of the fact that we at V.A. are going to do something about them. We've made it clear to them that where we find overpayments which resulted from a school's negligence, we will hold the school liable."

Mr. Chairman and members of the Committee, we did not line up against opposite walls and verbally attack each other nor did we get our hands slapped and leave with our tails between our legs as Mr. Wilson's statement would lead one to believe. The V.A. must understand that many of the policies that govern postsecondary institutions are promulgated by Boards of Trustees who are elected or appointed by a Governor depending upon the state within which the institution is contained. The V.A. must also understand that many institutions are not equipped to change institutional policies that will affect their total institutional environments nor are they financially able to adhere to such wishes. Perhaps if the higher education community were consulted prior to finalization of education-related regulations, many of the policy, regulatory problems, and conflicts could have been avoided.

ADVANCE PAYMENTS—PRE-PAYMENTS

AAMVPA is very much aware of the kinds of problems caused by the advance pay and pre-pay program. Again, we are referring to a small number in terms of abuses, with the vast majority of those veterans participating in these two programs doing so within the intent of the law. Many of the veterans served by AAMVPA members are from low income families who would find it extremely difficult having to pay tuition and fees prior to registration or at time of course registration. These two programs have also assisted the V.A. with their late check problem under the old payment system.

REPORTING PROCEDURES

The 30-day reporting period has caused serious problems with the three principles concerned: the veteran, the Veterans Administration and the educational institution. Some institutions have refused to certify veterans for the upcoming summer sessions. This action by these schools, I am told, is not a form of punishment for the veteran, but simply that these schools find it virtually impossilbe to comply with the 30-day reporting period. Here again, financial cost to maintain a sophisticated reporting system would be unbearable for many schools. AAMVPA strongly recommends V.A. regional hearings in which institutions would be allowed to testify. Hopefully, a better rapport between V.A. and the educational community could be established whereby problems like these and others might be solved.

VETERANS REPRESENTATIVE ON CAMPUS

AAMVPA recommends an evaluation of this program and the job descriptions of these on campus V.A. employees. These Veterans Administration employees can assist tremendously in curtailing the total overpayment problem, provided they are able to spend all of their working hours only in the four areas of concern outlined in the G.A.O. report.

Mr. Chairman and Members of the Subcommittee, this concludes my statement. Your time and attention have been appreciated. I am willing to respond to any questions you might have.

ATTACHMENT A

Results: Veterans Administration/Higher Education Meetings

AMERICAN ASSOCIATION OF MINORITY VETERANS PROGRAM ADMINISTRATORS,
Washington, D.C.

To: AAMVPA Members.
From: William E. Lawson: Chairman.
Re: Follow-Up Meetings with VA on Show of Progress.
Date: February 20, 1976.

The Ad Hoc Committee of higher education representatives, formed at the January 7, 1976 meeting with the Administrator of the Veterans Administration, has met twice with officials of the VA—January 22, 1976 and again on February 4. Discussion on the new standards of progress regulations (1425 revised) were continued.

Present at the meetnig were representatives of the Servicemen's Opportunity College; the American Association of Community and Junior Colleges; the American Association of Minority Veterans Programs Administrators; the American Association of Colleges; the Amercan Association of Collegiate Registrars and Admissions Officers; and the National Association of State Universities and Land Grant Colleges. The associations expressed appreciation for the VA teletype of January 8 advising regional offices that institutions may not be required to take attendance, and authorizing postponement of deadlines for submission of institutional plans.

The Ad Hoc Committee emphasized that the VA should concentrate on the minority of the delinquent institutions and not the majority that are not problems, but also emphasized that the associations would cooperate in every way possible in warning members against any willful or negligent failure to submit accurate reports or certifications. The associations will, with VA cooperation, notify institutions that fail to meet certification and reporting requirements.

In connection with the regulations, the VA agreed to the following clarification of issues raised by the AD Hoc Committee:

1. *Date of Last Attendance.*—The VA will accept as satisfactory the last date of pursuit reported by any duly accredited institution which has filed (a) a statement of the institution's policy on determination of academic progress toward graduation requirements, and (b) a statement that the institution has informed students that they are required to report to the institution immediately upon withdrawal or dropping of courses. These steps enable institutions to establish the official withdrawal or drop date required to be reported to the VA promptly, and provide a good-faith basis for establishing a definite date of last attendance within the month of occurrence or immediately thereafter. This will not relieve a school of responsibility if a student fails to officially withdraw and continues to receive benefits for pursuit.

A school may determine the last date of pursuit in a number of ways. If it does not take attendance, it may use any of the following methods of determining last date of pursuit: (a) last activity date reflected in instructor's record; (b) last papers submitted; (c) last examination completed; (d) a student's reasonable statement of last date of attendance. The VA will be checking whatever records are available to determine last date of pursuit when it makes a compliance survey.

2. *Institutional Liability for Overpayment.*—Institutions may not be held liable for overpayment except in the case of willful or negligent failure to report changes, or false certifications of enrollment changes or date of withdrawal. The VA acknowledges that occasional clerical errors do not constitute false certification. In any event, the amount of overpayment that may be collected from a school is reimbursed if recovered from the eligible person or veteran.

3. The reporting responsibility is two-fold, involving the veteran student and the institution. The VA has informed the eligible persons and veteran students of this with notices (VA Form 22-8677) in the checks, and in a letter at the time he is awarded benefits.

4. The VA does not intend to have the state approving agencies require institutions to provide SAA approved special publication notices to veteran students. The VA does not require that special information for veteran students be carried

in institutional catalogs. This may be a supplement to the catalog if there are special requirements for the veteran.

If you have any questions or are still having problems related to these matters, let me know and I will take them to the AD Hoc Committee, who in turn will take them to the VA.

ATTACHMENT B

Institutional Concerns Re Standards of Progress

TEXAS LUTHERAN COLLEGE,
OFFICE OF VETERANS' AFFAIRS,
Seguin, Tex., January 22, 1976.

WILLIAM E. LAWSON,
Associate Director, SOC,
Washington, D.C.

DEAR BILL: We have received both the December 2, 1975, resolution and the January 13, 1976, letter describing your meeting with VA officials. We appreciate keenly your efforts in this area and share your concern over any external and arbitrary restrictions which place the veteran student in a less favorable position than the non-veteran.

Of particular concern to us is the provision of the VA Regulations that require a determination of unsatisfactory progress of a veteran student based on a policy of one quarter or semester of academic probation. It is the policy of Texas Lutheran College, as published in our bulletin, to allow two semesters for removal of academic probation. We feel strongly that veteran students should not be penalized by regulations more restrictive than those applied to non-veteran students and urge that discontinuance of entitlements for veteran students on academic probation be based on the institutions published academic policies for all students. External rules of this nature should be imposed by the Veterans Administration only in the absence of an official institutional policy.

We have made known our concern regarding this provision in a letter to the Veteran Services Officer at the Houston VARO and ask that you voice our concern to members of the Task Force as the yaddress the question of standards of progress.

We are pleased that your organization is actively supporting the position of the veteran student and wish you success in your efforts.

Sincerely,

ROBERT A. MILLER,
Director of Veterans' Affairs.

TEXAS LUTHERAN COLLEGE,
OFFICE OF VETERANS' AFFAIRS,
Seguin, Tex., February 25, 1976.

WILLIAM E. LAWSON,
Associate Director, SOC,
Washington, D.C.

DEAR BILL: This is regarding your letter of January 13, 1976 and our response of January 22, 1976, concerning standards of progress for veteran students.

In our letter we voiced our concern that an agency of the government was imposing upon a segment of our student body a measurement of satisfactory progress more restrictive than the official, and already established, institutional policy. At that time we also voiced our concern to the Veteran Services Officer at the Houston VARO, the most recent reply to which is enclosed. The implication is clear that because the veteran may be allowed to stay in school beyond one semester in probation, the VA is not dictating policy to the school. In operation however, when the cost of attending a private college is considered, discontinuance of educational benefits will effectively eliminate most veteran students from their programs. My personal opinion is that the institution is to be allowed to determine the academic validity of a program only so long as it is in agreement wth the VA.

We have reiterated our objections in a letter to Mr. Roudebush and wish to emphasize to you our continuing concern. We hope your organization will continue to press for reconsideration of these regulations.

Sincerely,

ROBERT A. MILLER,
Director of Veterans' Affairs.

KELLOGG COMMUNITY COLLEGE,
Battle Creek, Mich., March 3, 1976.

Dr. JOHN W. PORTER,
Superintendent of Public Instruction, State Department of Education, Lansing, Mich.

DEAR JOHN: I am attaching documents dated January 30, 1976 from Mr. David Hanson of your department and a circular dated February 6 from Dr. Jack Tirrell of the AACJC in the hopes that you can be of assistance in clearing up what I believe to be a potentially sticky situation.

At a meeting held at Calvin College on February 26, 1976 to discuss the "Standards of Progress," Mr. David Hanson indicated, even after he was made aware of the AACJC document, that the revised Standards of Progress were being mandated to the Department of Education by the Veterans Administration office and that the Department in turn was mandating these to the Colleges.

Upon review of Dr. Tirrell's memorandum, you will readily see that your Department's standards far exceed the authority and the intent of the Veterans Administration at least as they were worked out cooperatively with the AACJC, ACE, AACRAO, and NASULGC. It troubles me that the Department of Education held the above-mentioned hearing and retained their January 30 position so long after a cooperative meeting was held with the Washington group and the Veterans Administration. The standards as they are now written can be carried out only at great expense to the Michigan institutions; but far more importantly, they usurp the rights of the institution to determine progress, relieve the veteran of his or her responsibility, and place the responsibility for overpayment on the institution.

I beleve that with your leadership, working with Mr. David Hanson and Mr. Richard Roudebush who heads the Veterans Administration in Washington, this matter can be corrected and that we can develop sensible standards with which we can all live.

If I may be of assistance to you in correcting this situation, please feel free to contact me.

Sincerely,

RICHARD F. WHITMORE, *President.*

OFFICE OF SPECIAL SERVICES,
December 10, 1975.

Memorandum to: Hope Holcomb, Bernie Luskin, Bill Lawson, Jack Tirrell.
From: Bob Leo.

The VA. Regulations continue to plaque us. Attached are some materials which relate to the situation.

1. Memorandum dated December 8.
2. Letter sent to veterans on Eastfield's campus which points out hyprocrisy of the matter.
3. Letter dated November 26 from V.A. Office in Waco, Texas relating to remedial courses on transcripts.

OFFICE OF SPECIAL SERVICES,
December 8, 1975.

Memorandum to: Presidents, Deans of Students, Deans of Instruction, Veterans Affairs Officers.
From: Bob Leo.
Subject: V.A. Regulations.

Attached is an overview of the current situation relating to V.A. Regulations. As you know the only thing permanent about the regulations is that they are constantly changing. I have attempted to summarize some of the major points in the controversy.

The continuing saga of interpretation of the Veteran's Administration regulations has created an untenable position for our colleges as well as the veterans. Some recent developments which may shed some light on the situation (or may confuse it) occurred during the past several weeks. Dr. LeCroy has asked me to share them with you as well as indicate some of the problems and prospects for the future.

1. The Board of Directors of AACJC has directed the staff and the commission on legislation to develop a position statement for all community colleges which in essence would be used to bring pressure on congress and the V.A. to modify the regulations.

2. The V.A. Washington office in a recent meeting with Jack Tirrell, Vice President of Governmental Affairs, AACJC indicated, in so many words, that the regulations will stand and be enforced and there would be no changes to accommodate community college programs.

3. The V.A. Regional offices throughout the United States are enforcing policies based on directives out of Washington with varying interpretations materializing depending on the region. We, in turn, then try to interpret the interpretations.

4. The "overpayments" problem and the "rip-offs" have received the publicity and, in turn, public sympathy for even more restrictive regulations.

Generally speaking, the V.A. regulations can be viewed as restrictive from both the students perspective and institutional perspective.

V.A. regulations currently in effect negatively impact the student veteran by:

1. hindering the development of positive student counselor relationships which would result in an appropriate educational program designed to meet the students' objectives;

2. denying the student access to various forms of learning activities which are available to other students and which may be beneficial to student veterans;

3. establishing the veterans as a separate group whose pursuit of an educational objective is restricted, not by individual potential, not by the institution, but by an external agency, whose interest is more in regulations than in people.

V.A. regulations currently in effect negatively impact the institution by:

1. requiring unrealistic deadlines for changes in status of veterans;

2. insisting on antiquated attendance policies;

3. demanding uniformity among institutions on standards of progress for student veterans which may differ from those required for other students;

4. forcing the institution to give up its institutional autonomy by interpreting for the institution its educational philosophy and programs;

5. mandating an increase in college expenditures to comply with the regulations.

The "draft" statement developed by the Deans of Students for inclusion in the catalogue will help the student veteran to understand his or her responsibilities as well as insuring that the colleges will not be harrassed by V.A. for not communicating the regulations to the students.

The problems of veterans in "non-traditional" learning activities are not as easily solvable. The questions relating to flexible entry enrollments, cooperative education programs, developmental studies, television courses, filling degree plans, transcripts of past work have not been sufficiently answered. The veteran still remains segregated from the rest of the student body.

Further, the question we must handle relates to the quality of an educational program. If we know the student will have a quality experience by enrolling in flexible entry courses and the individual is unable to do so because of V.A. regulations which call for less than full entitlement to benefits, then have we fulfilled our commitment?

Further, other financial aid programs e.g., Basic Educational Opportunity Grant College Work Study, etc., do not dictate what the student may enroll in. BEOG is an entitlement program, i.e., if the student meets a specified criteria, funds are awarded in order for the individual to carry out an educational program. Yet, the regulations do not restrict the institution in attempting to insure a quality educational program based on student's potential and needs.

These then, are some of the problems. Apparently, individual institutions have had little or no impact on the V.A. or Congress. I am sure that AACJC will develop a strong position paper which will continue to work for change. The same is true with the National Association for Concerned Veterans (NACV). However, at this time, I feel the greatest untapped potential for change rests with the student veterans. If the students react negatively to the restrictions then possibly some pressure can be brought to bear on congress and the V.A. Unless some changes occur, each college will be running "two colleges," one for veterans and the other for non-veterans.

I would appreciate your reactions, comments, and suggestions for future action.

REQUEST FOR VETERAN'S PROGRAM PLAN AT EASTFIELD COLLEGE

(Print) Last Name: First Name:

Social Security Number:

Address: City: Zip Code:

Major field: Circle one: Associate — Bachelor's Degree.

If you plan to pursue a bachelor's degree at a senior college, please give the name of that institution:

List all colleges you have attended, including El Centro, Mountain View, and Richlane:

Have you had a degree plan made at Eastfield before?

Please return this card to the veteran's office as soon as possible.

EASTFIELD COLLEGE.

To: All Veterans and Dependents.
From: John M. Reed, Jr., Director, Veteran Affairs.
Re New Veterans Administration Regulations.

Recent changes in V.A. regulations now require persons receiving V.A. benefits to carefully plan and follow their educational objectives. Failure to comply with the following statements will produce an adverse effect on your V.A. benefits.

1. All V.A. benefit recipients planning on entering Developmental Studies Courses (reading, writing, and math) must be tested before they register for these courses. Appointments may be made with the receptionist located in the Upper Lounge Area or by calling 746-3285. Veterans currently enrolled in Developmental Studies courses will be verified by their instructors as to their future need of these courses.

2. All V.A. benefit recipients must file a formal degree plan through the Veteran Affairs Office before they will receive benefits for the Spring Semester. Any person taking courses not approved under his (her) degree plan will not receive V.A. benefits for that course(s).

3. Probation and Suspension policies will be strictly enforced (see page 22 of the 1975–76 Eastfield Bulletin).

4. Class Attendance policies will be strictly enforced. If you are unclear about these policies, check with your instructor.

5. Standards of Conduct will be strictly enforced (see page 125 of the 1975–76 Eastfield Bulletin). This includes verbal abuse of the Veterans Affairs Office Staff—offenders may be subject to a complete loss of V.A. benefits.

6. When a V.A. benefit recipient drops (or is dropped) from a course, the last date he (she) attended that course will be used for cancellation of benefits rather than the day he (she) officially files the correct paperwork or receives notification.

7. Any V.A. benefit recipient who completely withdraws (or is withdrawn) will not receive V.A. benefits in any future semester until he (she) has been counseled by a V.A. Counselor. To begin receiving benefits again, the following steps must occur:

a. The veteran (or dependent) notifies the Eastfield Veteran Affairs Office (VAO), and the VAO in turn notifies the V.A. Regional Office.

b. The Regional Office sends a letter to the veteran (or dependent) scheduling an appointment with a V.A. Counselor in Ft. Worth (TCU).

c. The veteran (or dependent) meets with the V.A. Counselor and a determination is made on continuation of benefits.

d. The V.A. Counselor notifies the Regional Office of the decision, and, if the notification is positive, processing for payment will begin.

Please note that this procedure may take up to five or six months to complete.

8. All V.A. benefit recipients who have had previous college work must insure that the Registrar has a copy of the official transcripts from all pervious colleges attended on file. Veterans and Dependents will not be certified for the Spring Semester until these transcripts are on file.

9. Any V.A. benefit recipient who is not making satisfactory progress toward a degree objective will immediately be terminated from V.A. benefits. Satisfactory Progress is defined as the above standards plus the regulations governing repeat courses, television courses, illegal courses, etc. which were passed out during Fall registration.

It is strongly recommended by the Veteran Affairs Office that you avoid the following courses and programs if you wish to have your payments arrive timely and correctly. These courses and programs will have a definite adverse effect on your benefits:

1. Co-op Courses.
2. Courses using modular instructional methods.
3. Directed Studies Courses.
4. Flexible entry courses.
5. "Fast Track" courses.
6. Certificate Programs (you should always file for at least an Associate Degree).
7. Accounting Technician Program.
8. Any other course which does not conform to traditional instructional methods.

Please insure each time your address changes that you immediately notify the Registrar and the Veteran Affairs Office.

EASTFIELD COLLEGE,
November 7, 1975.

To: All Veterans.
From: Eastfield Veterans Association.
Re December 3 meeting.

The Eastfield Veterans Association (EVA) formally conveys this invitation for you to join us in a meeting Wednesday, December 3rd at 12:00 noon in the Upper Lounge Area.

Uncle Sam once had you take an interest in his organization, and, as a result of that experience, you have probably discovered that you have a lot in common with many other students at Eastfield. We all have good and bad memories of the military, but the fact still remains that we all went through it together.

We are now concerned wih the future, and we urge you to help us in the planning and implementation of programs which will affect your future.

Topics to be discussed will include:

1. Pay problems.
2. New V.A. Regulations.
3. "Bad" discharges.
4. Free tuition to Texas veterans.
5. Other topics you would like to discuss.

John Reed, the Veterans Affairs Office Director, will be available to answer questions. We are looking forward to meeting you and hopefully adding you to our membership rolls.

Most Sincerely,

________________.
________________.
________________.

P.S. If response is good we will be looking forward to a big social gathering in the Spring.

VETERANS ADMINISTRATION,
REGIONAL OFFICE,
Waco, Tex.

DR. ROBERT J. LEO,
Dallas County Community College District,
Dallas, Tex.

DEAR DR. LEO: During the meeting with representatives of the Dallas County Schools on November 5, 1975, Doris Cox and John Fowler told you they would give you answers in writing to some of the questions asked.

Recently VA Regulations, Transmittal Sheet 404, VAR 14237(G), clearly defined the difference between deficiency and remedial courses. A deficiency course is any secondary level course or subject not previously completed satisfactorily which is specifically required for pursuit of a post-secondary program of education. This means they must be taken before the student is ever admitted to the program of education he plans to pursue. In reviewing your catalogs it would appear some of your developmental courses are at the secondary level rather than post secondary and we are asking Texas Education Agency to review and give us their opinion on this.

They have checked with Mr. J. E. Harriss of the Adjudication Division and the following procedure has been approved for certifying remedial courses:

New Veterans: Enrollments will not be submitted to the Veterans Administration until a determination regarding the need for remedial courses has been established.

In the past, enrollment certifications covering two semesters showing remedial courses have been processed as follows:

Remedial courses were only processed for the first semester and full entitlement was charged for the second semester. Certifications as to need for remedial courses must be submitted prior to the beginning of the second semester so the entitlement charge can be adjusted. This means a VA Form 22-1999B must be submitted prior to the beginning of the spring semester so proper adjustment may be made.

In the future where it is definitely determined that a veteran will be required to take remedial course for two semesters, the enrollment certification should plainly show that a determination has been made and the name and number of the course to be taken each semester shown on the enrollment certification. These enrollment certifications will be processed showing the proper entitlement charge each semester.

There was a discussion about transcripts. It is a requirement of the law that veterans be given credit for previous education and training. However, if your schools do not require a transcript for entrance, veterans who enroll may be certified to the Veterans Administration when they do meet your entrance requirements. The enrollment certification should clearly show that credit for prior training is pending receipt of transcript. When the transcript is received, the Veterans Administration should be notified of the credit given. Do not hold up enrollment certifications unless a transcript is a requirement for entrance at your school.

I want to thank you for the courtesies extended to Mrs. Cox and Mr. Fowler and assure you that they are always glad to answer any questions you may have about Veterans Administration policy or procedure.

Sincerely yours,

DON C. MANES.
Veterans Services Officer.

Mr. LAWSON. AAMVPA is greatly disturbed over the reports by the news media, the General Accounting Office, Veterans' Administration and committee staff members of flagrant abuses by veterans participating in the Veterans' Administration education program. AAMVPA does not and will not condone "chiseling," "rip-offs," "fraud," or any form of abuse of the Veterans' Administration education program. Mr. Chairman, to read press clippings from almost every corner of this country and to see the large sums of taxpayers' dollars that have resulted in overpayments is at first and second glance frightening. However, what is more appalling is the fact that these news stories do not report:

One. An enormous amount of those taxpayer dollars overpaid were not a result of any form of intentional abuse by an educational institution, faculty member or veteran.

Two. Over 75 percent of overpayments are recovered by the Veterans' Administration.

Three. That approximately 95 percent or more veterans are utilizing the Veterans' Administration education program as intended by the Congress.

Four. That approximately 56 percent of overpayments to veterans enrolled in community and junior colleges are, in part, a result of their enrolling well over half of our Nation's veterans utilizing the VA education program, not because community colleges are bigger "crooks".

Five. That the Veterans' Administration, when conducting a compliance survey, records overpayments based on surface evidence. Later, the institution and/or veteran is cleared of liability, but these dollars originally charged are reflected in the $1.4 billion figure before you today, and the fact that a common error had been made or moneys have been recovered is not recorded or found in small print at the end of some three or four column news article.

Pointing out the aforementioned concerns is not an effort to place blame, but only to put this situation in its proper perspective. AAMVPA is sure that abuses of the VA education and training program are perpetrated by but a small percentage of veterans and institutions of education and training.

AAMVPA, having recently learned of a number of historically black colleges being charged with tremendous overpayments, is greatly disturbed. Mr. Chairman, as far back as the summer of 1975 I have attempted to acquire the names of institutions seemingly abusing the VA education program from both the Veterans' Administration and, on one occasion, from staff members of this committee. When asking for such information I was always told "a school in Florida, a school in Alabama, a school in Ohio, or a school in Georgia." I was never given specific names of institutions. I soon came to the conclusion that all this secret information was being held for these hearings. Had I known the names of some of these schools, perhaps technical assistance rendered by AAMVPA or other veterans' and education oriented organizations might have been able to eliminate a portion of the problems presently being faced by some of these schools and veterans.

Of the schools mentioned in the testimony of Mr. Rufus Wilson, Chief Benefits Director, Veterans' Administration, delivered on April 29, 1976, I know three of the schools mentioned to be predominantly black institutions: Friendship Junior College, Lawson State Junior College—no affiliation, Mr. Chairman—and Federal City College. Many of the predominantly black institutions are small schools with very limited operating budgets, and often lack the sophistication of computers and reporting methods found in larger and predominantly white schools. These schools also lack the resources to draw upon the kind of expertise found at larger and higher salaried schools. Many of these institutions have very restricted or even no travel budgets which do not enable administrators or faculties to attend conferences where the kind of expertise needed and the sharing of ideas is commonplace.

Again, Mr. Chairman, I make no attempt to justify the overpayment situation confronting these colleges, but only to surface a few probable causes. Throughout the testimony by the VA, dollar figures were used to show the seriousness of the overpayment problem. Mr. Chairman, and members of the subcommittee, I have yet to see a dollar figure which indicates the number of man-hours used to provide technical assistance to these schools. One can only wonder at times as to whether or not the VA education and training program is one which has been programed to fail.

In testimony delivered on April 13, 1976, Mr. Wilson made reference to the probable attitude of a small number of veterans of the Vietnam era: "I know that this money is not mine under the law, but I served in an unpopular war and the system owes it to me." I find this kind of reporting of attitude appalling and very degrading to the veterans of the Vietnam era. Although Mr. Wilson did indicate that this attitude was among a small number of veterans, let us not forget that overpayments pertain to only a small number of veterans and look at how on many occasions the problem has made headlines across the country.

I do agree for the most part with the attitude description given of the Vietnam era veteran by officials of Florida Junior College at Jacksonville:

> At some point in time there began to develop among veterans an attitude that entitlement to benefits was a "right" conferred by reason of prior military service, and that the conditions upon which payments were contingent were mere technicalities. GI bill benefits were looked upon as just another Federal "handout", along with welfare, food stamps, unemployment compensation, and so forth. There no doubt were many complex variables at work in this equation, among which may have been such things as changing public attitudes, a general lowering of public standards of ethics and morality, the public attitude toward the Vietnam war, and a feeling among some veterans that they had been unfairly singled out by their government and required to make a disproportionate contribution toward the accomplishment of national objectives, with many of which they were not in sympathy.

It is not hard for a veteran to take this posture toward education and training entitlement when recruiters emphasize the earning of GI bill benefits while serving in the Armed Forces. We must not forget that chapter 34, section 1661 of title 38, United States Code, clearly indicates that a veteran has earned the right to become eligible for GI bill programs. Quite often this is interpreted as saying, "I have earned these benefits for having served no less than 181 days on active duty," and there are those veterans who wish to take their interpretation a few steps further. I will not elaborate on this for the very reasons I am appalled at Mr. Wilson's remarks pertaining to the attitudes of some Vietnam era veterans.

Mr. Chairman, with the permission of the committee I would like to address concerns we find most relevant to the problem at hand.

STANDARDS OF PROGRESS

Many of our members are professionals working at institutions of higher learning in various veteran-related capacities. Another segment of our membership concerns itself with providing services to that veteran who is not geared toward or interested in pursuing a postsecondary education. Those administrators of veterans programs at institutions of higher learning, along with their governing administrations, feel that the VA is impinging on their institutional polices. As a result of this serious and growing concern, I coordinated a meeting on January 7, 1976, with members of the higher education community representing over 2,000 postsecondary institutions. We met with the Administrator of the VA to discuss more specifically problems institutions were and still are facing regarding VA regulations as they pertain to overpayments, attendance, standars of progress, and others. The results of this initial meeting and followup meetings are enclosed as attachment A. Attachment B is a small sampling of the kinds of documented concerns I have received pertaining to this matter.

Mr. Chairman, I would be remiss if I did not respond to Mr. Wilson's remarks of his April 13, 1976, testimony:

> Through meetings with representatives of the academic community, we made that group aware of the problems and of the fact that we at VA are going to do something about them. We've made it clear to them that where we find overpayments which resulted from a school's negligence, we will hold the school liable.

Mr. Chairman, and members of the committee, we did not line up against opposite walls and verbally attack each other nor did we get our hands slapped and leave with our tails between our legs, as Mr. Wilson's statement would lead one to believe. The VA must understand that many of the policies that govern postsecondary institutions are promulgated by boards of trustees who are elected or appointed by a Governor, depending upon the State within which the institution is contained. The VA must also understand that many institutions are not equipped to change institutional policies that will affect their total institutional environments nor are they financially able to adhere to such wishes. Perhaps if the higher education community were consulted prior to finalization of education-related regulations, many of the policy, regulatory problems, and conflicts could have been avoided.

ADVANCE PAYMENTS—PREPAYMENTS

AAMVPA is very much aware of the kinds of problems caused by the advance pay and prepay program. Again, we are referring to a small number in terms of abuses, with the vast majority of those veterans participating in these two programs doing so within the intent of the law. Many of the veterans served by AAMVPA members are from low income families who would find it extremely difficult having to pay tuition and fees prior to registration or at time of course registration. These two programs have also assisted the VA with their late check problem under the old payment system.

REPORTING PROCEDURES

The 30-day reporting period has caused serious problems with the three principles concerned: the veteran, the Veterans' Administration, and the educational institution. Some institutions have refused to certify veterans for the upcoming summer sessions. This action by these schools, I am told, is not a form of punishment for the veteran, but simply that these schools find it virtually impossible to comply with the 30-day reporting period. Here again, financial cost to maintain a sophisticated reporting system would be unbearable for many schools. AAMVPA strongly recommends VA regional hearings in which institutions would be allowed to testify. Hopefully, a better rapport between VA and the educational community could be established whereby problems like these and others might be solved.

VETERANS REPRESENTATIVES ON CAMPUS

AAMVPA recommends an evaluation of this program and the job descriptions of these on campus VA employees. These Veterans' Administration employees can assist tremendously in curtailing the total overpayment problem, provided they are able to spend all of their working hours only in the four areas of concern outlined in the GAO report.

Mr. Chairman, and members of the subcommittee, this concludes my statement. Your time and attention have been appreciated. I am willing to respond to any questions you might have.

Mr. MOTTL. Thank you very much, Mr. Lawson.

I have a few questions.

Both the sudden skyrocketing of education overpayments and the veterans caught with the instruction program, it began in 1972.

Do you see any correlation between increased efforts to recruit veterans and the overpayments?

Mr. LAWSON. I think there are a number of factors there, Mr. Chairman, that have to be taken into consideration. And at the risk of being redundant, we are talking about a period whereby the economy is poor. We are talking about a period whereby, as a result of it, there was cause for a construction program and other federally funded programs. Programs have existed whereby outreach programs, recruitment programs—the veteran who somehow in the past has not been made aware of the opportunities and the provisions within the GI bill is now aware. I attribute that to pinpoint and say that any one or two particular reasons is the result of the overpayments. Granted, a substantial number of veterans have chosen to go to school. In the past, they did not make that selection due to the small number of dollars that were available to them under the GI bill for tuition and subsistence.

I cannot say that there is a direct correlation as a result of the intense recruitment by other federally funded programs in bringing veterans into institutions of higher learning.

Mr. MOTTL. Do you believe it is accurate to state that many veterans have been badly misled by some who represent colleges and training institutions when they tell veterans they have an earned right to GI bill benefits? Is there not an obligation to tell veterans the GI bill is a readjustment benefit?

Mr. LAWSON. I think the obligation is here, and I think that obligation should begin with the recruiting officer.

In fact, one example, Mr. Chairman, as I received a call from one of your colleagues, Mr. Dulles, informing me that recruiters in California were going out into the various schools telling young people to enlist in military now because after January 1 or December 31, 1976, there would no longer be a GI bill, so go in now. So these kinds of practices are presently existing. And I think it should start with that recruiter, especially when they are using the GI bill as a tool for recruitment, making that clear, and then there should be a followup by the Veterans Administration—and in most cases, I am sure there are—in terms of when a veteran goes down to the VA to file for a certificate of eligibility—and I am pretty sure that they should be told this—and also followed up at the educational institution.

Mr. MOTTL. Is it not true that State supported junior and community colleges are extremely anxious to increase their enrollment so they can obtain more State money which has become a significant factor on the part of many to have minimum, or in some instances, practically no attendance or standards of progress requirements?

Mr. LAWSON. I would not say that that is the sole reason for wanting to go out and recruit veterans, Mr. Chairman. Again, I reflect back to what I said earlier in terms of the new kinds of programs that have come into existence within the last 6 or 7 years that have provided money so that recruitment and outreach can be done.

Mr. MOTTL. Mr. Lawson, I was not saying that was the sole, but is this not in many instances the way it is done?

Mr. LAWSON. I would not say many, Mr. Chairman.

Mr. MOTTL. How many would you say? How many instances?

Mr. LAWSON. I really could not tell you. I have not done a study or seen a study. Although I travel throughout this country monthly visiting institutions, both 4-year and 2-year, visiting and speaking before veterans' organizations and associations, various kinds of conferences, and I would say that if that is the case, it is small.

Mr. MOTTL. We will hear from my distinguished colleague from Pennsylvania, Mr. Edgar.

Mr. EDGAR. Good morning. I am sorry I was late.

On page 6 of your testimony you talk about the advance payments—prepayments problem, and you indicate that you believe only a small percentage are abusing the prepayment and advance payment situation. You mention at the bottom of the middle paragraph that "these two programs have also assisted the VA with their late check problem under the old payment system."

Can you tell me what that is? What is the "late check problem"?

Mr. LAWSON. A couple of years ago, Mr. Edgar, the VA had some serious problems in getting the checks out to the veterans on time. This was echoed in a press conference by correspondent Mr. McClendon when she stood up at a conference at the White House and said, "Mr. President"—at that time Mr. Nixon was President—"when are the veterans going to get their checks?" And as a result of that, a concerted effort was made by the Veterans Administration to get checks out to veterans.

We had problems whereby veterans were not able to enroll at institutions that required payment prior to registration or at time of registration. Also those veterans that had dependents and had families were having difficulty in meeting certain financial obligations. So there were some serious problems up until the prepay or any advance pay program. And I think by having that program that many of the problems that occurred as a result of the Veterans Administration having some technical problems and some other problems that I am not aware of in an effort to get those checks out to veterans on time. That was a serious problem at that time.

Mr. EDGAR. In listening to the hearings that we had over the course of the last month or so it has become apparent to me that while the veteran and the institution have some liability of the problem, but also that the Veterans' Administration has a liability. I do not know whether you could assess a percentage of who is responsible for what. I have in my mind some thoughts about the weight of the problem in relationship to who is responsible.

I wonder if you might venture a guess, looking at the total overpayments problem, of what percentage of the problem is caused by the veteran, and what percent of the problem is caused by the institution, and what percent of the problem is caused by the Veterans Administration?

Mr. LAWSON. Mr. Edgar, I would say that the veteran in this particular situation would be at the bottom. I think that it is primarily between the institutions and the Veterans Administration. What I am saying here is that the Veterans Administration has regulations and policies, the institutions have regulations and policies, and right now they are not congruent. There are problems. There is going to have to be a meeting of the minds of the educational community and the Veterans Administration. This effort has already been started with the fact that Mr. Roudebush, Mr. Vaughn and Mr. Wilson opened their doors to members of the educational community. But I think it must go further than that. I think that the recommendation that I made that the VA hold regional hearings at their regional offices to sit down and discuss these kinds of problems with the institutions.

I would say that—and I have difficulty because I am not here to point blame and say VA or say institutions, or say veterans—but I think the institutions and the Veterans Administration go hand in hand here, Mr. Edgar. I would say that the larger percentage would be with them because I feel that if they can come to a meeting of the minds in terms of regulations and policies then the veteran participating in that program could help but not adhere to those wishes.

I do not know if I am answering your question fully. I do not want to give you specific figures because I know that if I say 50 percent is VA's fault and 30 percent is the institution, or vice versa, then somehow I am going to see some place that "Mr. Lawson testified that 50 percent of VA so and so." So I hope you can understand that.

Mr. EDGAR. Do you think that there is any correlation in the overpayment problem coming to light at this time in history in relationship to the delimiting date?

Mr. LAWSON. I do not know if there is a direct correlation there, Mr. Edgar, but I know that one such as myself who travel a great deal and talk to a great many people and a tremendous number of veterans, there are some veterans that feel that one of the reasons that the overpayment situation has surfaced is to prevent an extension of the delimiting date.

Mr. EDGAR. In the last few weeks I have been studying the law which instituted the advance payment and also the prepayment program. In both cases there is language in the law that gives the Administrator responsibility in writing the rules and regulations of how the prepayment and advance payment program would be instituted.

It occurs to me in looking at the law that we probably do not need any new legislation, except in a few minor cases where some changes in wording, and maybe a "shall" or a "could" and a "would" would be switched around, but that in each case it indicates that "The Administrator shall prescribe"—and down below it says "The Administrator shall prescribe regulations to promulgate the advance payment and prepayment program." And I was wondering how you are seeing these regulations promulgated. Is it fair regulations? Is it easily understood? Do schools and universities say that the compliance of the regulations is easy?

Mr. LAWSON. In the beginning, Mr. Edgar, there were some problems with the administering of the advance pay and the prepay, whereby on some checks there was the name of the veteran and the name of the institution, whereby the check was supposed to go to the institution; it went to the veteran. Those kinds of problems. They caused some serious problems in the beginning. Part of this was attributed to problems in the mailrooms of the individual campuses, whereby checks were sent back to the VA, a number of these kinds of problems.

I think that the Veterans' Administration has done a reasonably good job in administering this program. What I think again—and I want to reiterate that—is that in administering and in formulating those regulations that the educational community should be consulted so they will know what to expect, what their obligation is as a result of receiving these advanced checks, things on those lines. And, again, I keep coming back. There has to be a working togetherness between Veterans and the Veterans' Administration. I think the advance pay program is a needed program, I should say. But I think that if one of those programs had to go, I would much rather see the advance pay and have the prepay stay.

Mr. EDGAR. Well, I am going to ask some more questions of Mr. Wilson as he comes, but let me just lift out from the law. There has been a lot of concern about the determination of attendance and a lot of concern on the part of members of the committee that the universities have not complied in having people enrolled. We have the case in Florida and we have many cases throughout the country where veterans have not been enrolled. And I would draw the committee's attention to section 1780(h) where it says: "The Administrator may pursuant to regulations which he helped prescribe, determine enrollment in pursuant of"—and it pins down—"and program of education or training or course by an eligible veteran or eligible person for any period for which he receives educational assistance and subsistence allowance under this chapter for pursuing such a program or course."

This particular part of the law it seems to me gives the Veterans' Administration a great deal of leverage or the schools. And I wonder whether that particular segment of the law was being pursued.

Thank you for your questions, and I appreciate your help this morning.

Mr. LAWSON. Thank you.

Mr. MOTTL. Thank you very much, Mr. Lawson. We certainly appreciate your testimony here this morning.

Next we will hear from Mr. Marvin Busbee of the State approving agencies. Is Mr. Busbee here?

Mr. Busbee, your statement is already in the record, so would you like to respond to questions or would you have a statement at this point?

Mr. BUSBEE. No. I am ready to respond to questions. I already have, as you stated, a statement in the record.

Mr. MOTTL. All right. Fine.

Mr. Walsh, do you have any questions of Mr. Busbee at this time?

Mr. WALSH. No. I have not at this time. I apologize for being late.

Mr. MOTTL. No apologies necessary, Mr. Walsh. You have been one of the outstanding members of this committee

Mr. Edgar, do you have any questions of Mr. Busbee at this time?

Mr. EDGAR. Mr. Busbee, this is going to be a very naive question. Could you tell me exactly what the role of the State approving agencies is in relationship to colleges and universities?

Mr. BUSBEE. The role of the State approving agencies is to approve courses of education and training so that veterans and other eligible persons can receive their allowances; and, secondly, to supervise those institutions to determine if the approval criteria as contained in their application is being maintained. There is more or less what I like to call a grandfather clause, that any other services that the Administrator requests us to do.

Mr. Edgar. Who pays your bills?

Mr. Busbee. The Veterans' Administration provides a tremendous amount of the funds for the State approving agencies. Certain States provide certain funds also. For instance, my State pays a part of the cost.

Mr. Edgar. So you see your role as an oversight role over Veterans' Administration programs as they relate to institutions of higher learning.

Mr. Busbee. Would you repeat that, sir?

Mr. Edgar. You see your role as an oversight role to institutions of higher learning that are using veterans benefit programs.

Mr. Busbee. I believe that is correct.

Mr. Edgar. How long has the State approving agencies system been in operation?

Mr. Busbee. Since the original GI bill, Public Law 78–346.

Mr. Edgar. How many members do you have who are paid workers in State approving agencies? Do you have any idea?

Mr. Busbee. I do not have the slightest idea.

Mr. Edgar. Do you know what the cost from the veterans' budget is for State approving agencies?

Mr. Busbee. I believe last year and this is $13 million plus.

Mr. Edgar. $13 million.

Do you think that the State approving agencies have any responsibility in relationship to the overpayment problem or any liability because the problem has gotten out of hand to the extent it has?

Mr. Busbee. I certainly do feel like the State approving agencies have responsibilities along those lines. We are part of the team, and anything that affects the total team ought to affect the segment of the team. And I take the position along these lines that where there are overpayments certainly we have a responsibility to the taxpayers to do whatever we can to reduce or eliminate those overpayments, and, secondly—this is more or less kind of a personal situation—but I feel like, to use common terminology, that when a certain thing like that happened that my track record really does not look too good. Even though I might not be directly involved, indirectly I am a part of the whole thing.

Mr. Edgar. Do you think there was anything that the State approving agencies could have done to highlight the overpayment problem 16 or 18 months ago as opposed to 20 months after—I do not know exactly how many months, 20, 22 months—after the problem became evident?

Mr. Busbee. Mr. Edgar, we became aware of this problem in March of 1975, which was some 16 or 17 months ago, and made a report to the House Committee on Veterans' Affairs to this, and we also passed a resolution requesting that necessary action be taken to eliminate these overpayments, and the resolution is a part of my statement, in which we did actually inform the House committee. And I believe in one of Mr. Wilson's statements, in July or something along that of last year, that this was brought to the attention of the Veterans' Administration by the State approving agencies. And we were aware that things were happening, and I, too, and my State became alarmed, and endeavored to do what I could under the responsibilities assigned me by the law to reduce or eliminate or stop things that were going on that I did not feel that I could subscribe to.

Mr. **EDGAR**. Who did you transmit that to in the House Committee, to each member of the committee or just to the staff?

Mr. **BUSBEE**. Do you mind if I look and see who it went to?

> A copy of this resolution to be transmitted to the Chairman of the Senate Committee on Veterans' Affairs and the Chairman of the House Committee on Veterans' Affairs.

Mr. **EDGAR**. One of the problems is that sometimes that takes a while to filter down. In this case, it took 16 months for us to focus in on it.

How did you get a resolution passed? Do you have a broad meeting? Who would make up the board? Do they sit around in a circle and make it or is it a convention type thing?

Mr. **BUSBEE**. Normally it would be a convention type thing. This particular resolution was passed. We have an annual conference in Washington in the latter part of February or March each year and which, for all practical purposes—we cannot use the word "convention," we had better use the word "conference"; it was a conference. And the input is received by the total membership to developing and passing or not passing of such resolutions. We have various committees that provide the resolutions themselves, like an institutional committeee and so forth and so on. But it is the consensus of opinion of the total body.

Mr. **EDGAR**. What is the difference between your organization, other than funding, than Veterans of Foreign Wars, American Legion? They hold conventions and pass resolutions as well.

Mr. **BUSBEE**. I do not understand that question, sir.

Mr. **EDGAR**. Well, I guess I am concerned, and perhaps I should be, and I apologize if I am raising the wrong question, but I am concerned that it sounds like your organization is funded primarily from Veterans' Administration funds, some $13 million, and you have staff people out in the community who are responsible for oversight provisions of the educational program, particularly the GI Bill in institutions of higher learning. And yet I guess I am not clear as to how an organization like that also has responsibilities to meet in conferences or in conventions. It seems to me that you would be an arm or a wing under the Veterans' Administration and would not really have the right or responsibility to hold conventions, and have votes and pass resolutions, but would in fact assist the Veterans' Administration in its functions and really take your lead from the Veterans' Administration as opposed to taking your lead from the veterans themselves who are hired and make up these State approving agencies.

Mr. **BUSBEE**. Well, Mr. Edgar, we do not, emphatically, take our lead from veterans and other people. We have laws passed by the Congress. The rules and regulations that are developed by the Veterans' Administration, and implemented and so forth, and it is our responsibility to carry out to the best of our ability the laws, and rules and regulations.

As far as the national conferences and so forth of our association, we formed an association in 1947, I believe, for the purpose of the exchange of ideas and to improve State approving agencies. That was the sole purpose. Of course, over the years I think we got off the track at times and got into legislation at times. And actually I have been testifying for some 13 years. I endeavor not to testify though on anything that is not germane to the responsibilities of State approving agencies. However, at times, I have got off the field and gave our thoughts on things that really were not germane.

Mr. Edgar. No further questions. Thank you.

Mr. Mottl. Thank you.

Mr. Walsh Mr. Chairman, I do have a question.

Mr. Mottl. Sure.

Mr. Walsh, from New York.

Mr. Walsh. As I understand it, you are an employee of the Department of Education in the State of North Carolina.

Mr. Busbee. South Carolina.

Mr. Walsh. South Carolina.

In your position as chief supervisor for the State approving agencies, what is your relationship to the universities and the other institutions that are offering courses to veterans?

Mr. Busbee. There is no direct relationship whatsoever other than the fact that they request that the courses be approved so that veterans and other eligible persons can draw allowances. But there is no other relationship other than perhaps I have known some of them for many years.

Mr. Walsh. Well, does the word "approving" mean course approval?

Mr. Busbee. That is correct.

Mr. Walsh. You have no jurisdiction in the field of overpayments?

Mr. Busbee. Well, there again, this is a yes and no answer which is not a good answer.

Prior to August of this past year our responsibilities as far as the institutions of higher learning accredited course were twofold: one was that they maintain standards of progress, and have it in their records.

Second, that they give credit for previous education and training and notify the veteran and the VA.

"Enforce" was not in there. Of course, now since last August with the new changes in progress, the responsibility has been given to the State approving agencies to develop those standards, and have the schools develop specific standards within our broad standards. And it is now our responsibility to see that the schools do actually enforce these standards then.

I submit to you, sir, that the State approving agencies have a terrific responsibility now, and that is one thing, that if we do not do our job, overpayments will continue. If we do a reasonably good job or a real good job, unquestionably it will reduce them. And I think the State approving agencies—and I say in my statement right here—that if they do not carry out their responsibilities they should be held accountable for their actions. I am very strong for that.

Mr. Walsh. Well then prior to, when wa[illegible] that you said, August?

Mr. Busbee. Of this past year.

Mr. Walsh. You had no responsibility for enforcing the standard.

Mr. Busbee. There were not any standards.

Mr. Walsh. Since August, you do have this responsibility to enforce the standards. Now can you tell me how many institutions in South Carolina have submitted and meet the standards of your agency?

Mr. Busbee. We had 59 to submit programs, and as of yesterday, all 59 had submitted standards. However, there are three that we are still negotiating with. We are working it out with them. They did not meet our criteria, let us put it that way.

Mr. Walsh. Could you tell me, Mr. Busbee, how many of these institutions have an undue amount of overpayments for the veterans in the 59 institutions that you mentioned?

Mr. Busbee. This is more or less going to sound presumptuous, Mr. Walsh, but in our State, fortunately, the overpayments were at a minimum. We did not have any things like we read in Mr. Wilson's testimony, even though he did bring out friendship which is not a part of progress. That was the story of which is another subject. But we were very fortunate in that and we are real happy about it.

Mr. Walsh. Well I appreciate the fine record you have, but you moved around my question.

How many institutions have had overpayments?

Mr. Busbee. How many have had overpayment? To the best of my knowledge, approximately 20 or something like that. Now, that may not be correct because I am going by what come through me. And overpayments does not come through my office. I hope to pick that up.

Mr. Walsh. Of the 20 institutions that have overpayments, do you have any idea as to the percentage of overpayments there were in those institutions for the number of veterans enrolled?

Mr. Busbee. The only actual figures that I heard was one of our technical colleges that has some 3,600 veterans, and their overpayments submitted to them—has not been concluded by a long shot—was $30,000, I believe.

Mr. Walsh. Thank you very much.

Mr. Mottl. Thank you, Mr. Walsh.

Mr. Busbee, you have urged reimposing certification of attendance as one way to reduce overpayments and the failure to attend class and make passing grades.

Does your association have any position regrding abolishment of advance and prepayments?

Mr. Busbee. I included in the statement that we recommended that the Congress take a second look, and that was based on the information that I have read in the General Accounting Office report and your report. However, our association is holding its national meeting in 2 weeks in San Francisco and that certainly will be a part of the program, to make a firm decision as to whether or not we would go affirmative or negative on that. I feel that the answer would be affirmative. I am almost sure of it.

Mr. Mottl..So you would want to go back to the post-payment?

Mr. Busbee. Yes, sir.

[Subsequent to the hearing a resolution was adopted by the National Association of State approving agencies at its annual national meeting in San Francisco, Calif., June 13–17, 1976 concerning advance and prepayments as follows:]

Resolution

Whereas, DVB Circular 20–75–54, as amended, VA Regulations 14253, DVB Circular 22–76–3 places responsibilities upon State Approving Agencies to enforce Standards of Progress, and;

Whereas, failure by school to comply with these standards may result in overpayments, and;

Whereas, paragraph 1771, Title 38, U.S. Code requires State Approving Agencies to furnish, at the request of the Administration, any other services in connection with Chapters 34 & 35, Title 38, U.S. Code, and;

Whereas, overpayments of education allowances paid eligible persons reflects upon the credibility of State Approving Agencies, and;

Whereas, in reports, made by the Surveys and Investigation Staff, House Appropriation Committee and report to the Congress by the Comptroller General, it is stated that 41% of overpayments result from veteran and school delays in reporting training changes and 21% result from prepayments and advance payments, and;

Whereas, the spectacular growth of education overpayments at an unprecedented rate coincide with the dates of advance and prepayments (PL 92-540—10-24-72), therefore; be it

Resolved, That the National Association of State Approving Agencies assembled in San Francisco, California, June 13-17, 1976, respectfully request that the Congress of the United States give serious consideration in amending 38, U.S. Code 1780 to eliminate advance and prepayments. Be it further

Resolved, That this Resolution be sent to the appropriate members of Congress and other interested persons.

Mr. MOTTL. All right. Thank you.

You mentioned off-campus training—this is in your testimony—which is neither fish nor fowl.

Mr. BUSBEE. That is correct, sir.

Mr. MOTTL. By that you state, "off-campus does not qualify the branch or extension or an additional facility," but, nonetheless, you have approved some even though they do not meet the present criteria.

Do you believe that this off-campus training could mushroom out of control and what should we do about it?

Mr. BUSBEE. It can mushroom out of control. And what I was asking at this particular time has nothing to do with overpayments, but could in the future. What we are asking for are guidelines from somebody on the position that we should take the responsibility.

I more or less got backed up in the corner on that sort of thing with the Veterans Administration having checks out in the school, and wanting me to do something, and the Veterans Administration would not pay him, and the school yelling, and the veteran is yelling, and me in the corner.

Now as I said in the statement, I stretched the point a little bit. And after making a determination that they were doing the things according to the law, exclusive of not really being an extension, we went ahead and approved those for that reason, some we disapproved, too, as you noted in there. We just could not see it.

Mr. MOTTL. Thank you, Mr. Busbee.

Mr. Hannaford of California, do you have any questions of Mr. Busbee?

Mr. HANNAFORD. I have nothing, Mr. Chairman.

Mr. MOTTL. Thank you, Mr. Hannaford.

I believe, Mr. Edgar, you have one more question for the witness.

Mr. EDGAR. Mr. Busbee, I appreciate your patience with my questioning. I was looking under the law in chapter 36 where it talks about cooperation, and it is still a little fuzzy in my mind. It says:

> The Administrator in each State Approving Agency shall take cognizance of the fact that definite duties, functions and responsibilities are conferred upon the Administrator at each State Approving Agency under the educational programs established under this chapter and Chapters 34 and 35.
>
> To assure that such programs are effectively and efficiently administered, the cooperation of the Administrator and the State Approving Agencies is essential.

It is necessary to establish an exchange of information pertaining to activities of educational institutions and particular attention should be given to the enforcement of approval standards, enforcement of enrollment restrictions, and fradulent and other criminal activities on the part of persons connected with educational institutions in which eligible persons or veterans are enrolled under Chapters 34 and 35.

In your opinion, Mr. Busbee, is that cooperation alive and well?

Mr. BUSBEE. In the majority of the States—not all—it is. And I hate to keep dwelling on South Carolina, but I know more about South Carolina than all the rest put together. We have a relationship between the Veterans Administration and the State approving agencies, which I have stated on many occasions, is second to none. We exchange information regularly. For instance, the off-campus thing that I mentioned awhile ago, I was the one that brought it to the attention of the Veterans Administration. They were not cognizance of that. And if we do not cooperate that way, we are in serious trouble.

Mr. EDGAR. Thank you.

Mr. MOTTL. Thank you, Mr. Edgar.

Thank you very much, Mr. Busbee. We appreciate your being with us this morning. You have been very helpful.

Mr. Rufus Wilson, would you come forward?

Mr. Wilson, as we all know, is the Chief Benefits Director of the Veterans Administration, and his associates.

Do you have any statement for us this morning, Mr. Wilson, or do you want to just respond to questions?

Mr. WILSON. Yes, sir, I do have a statement, Mr. Chairman, and I would like to read it for the record. And then I would like to make some extemporaneous comments if I might.

Mr. MOTTL. Sure. Proceed.

STATEMENT OF RUFUS H. WILSON, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION

Mr. WILSON. Mr. Chairman, I am accompanied this morning by Mr. Andrew Thornton, who is the Director of our Education and Rehabilitation Service; Mr. Clarence Greenland, who is the director of our Budget Staff; Mr. William G. Malone, the assistant General Counsel; Mr. John Travers, who is the Director of our local Washington, D.C. Regional Office, which incidentally has jurisdiction over Prince Georges and Montgomery Counties in Maryland, and over the adjoining Northern Virginia counties, and he is accompanied by members of his staff.

Mr. Chairman and members of the subcommittee, I am pleased to have this opportunity to appear before you again today to discuss the subject of the G.I. bill education overpayments, particularly to veterans enrolled at the Northern Virginia Community College.

As you know from the headlines of the May 25 edition of the Washington Star, there are problems at that school. I would like to outline for the committee just what the present situation is at this school.

The audit of Northern Virginia Community College has required the review of 6,455 cases. The major area of discrepancy (2,771 cases) resulted from misuse of the "W" (withdrawal) grade. At the discretion of the school, the "W" grade is used in place of "Failure," "Incomplete" or what is called the "R" or the re-enroll grade. There were other discrepancy categories discovered by the audit team. Some of them were as follows: 1,534 cases with no degree objective; 702 cases of no transfer credit granted; 73 cases of repeated courses, and 96 cases with termination date discrepancies. All cited discrepancies are of the type and nature that would normally require action on the part of the institution.

As of May 18, there were 6,453 veteran-records examined at the campus of Northern Virginia Community College. Of this number, 2,862 have been referred to the adjudication team at the regional office for award action to reduce or terminate payments. As of May 25, adjusted award action has been taken on 1,618 cases. At the present time, 808 cases do not need amended award action, although this is not meant to indicate that further development is not required, as it may be necessary to make some type of development at a later date, when and if the veteran re-enrolls in school. The remaining 436 have not been processed, and the regional office is awaiting grade transcripts on another 400 cases. Of the 831 cases worked by our regional office finance division, there exists potential liability of $768,920.09, or an average liability per case of $925.29.

The overpayments were uncovered as the result of a routine compliance survey. When it became apparent that many serious discrepancies existed at the school, a 100-percent audit was undertaken.

As I pointed out in my testimony on overpayments last month, we anticipate that for the next several months the amount of overpayments in our total program will increase. This is due principally to our increase in compliance surveys at institutions of higher learning. Of course, it can also be attributed in part to our standards of progress regulations and to a very keen awareness of the whole problem on the part of the media. And, of course, I should say, too, sir, on the part of the Congress, and rightfully so. We consider it our duty to detect these overpayments wherever they exist and to make a concerned effort to collect them.

Mr. Chairman, that would conclude my official presentation, and my associates and I will be pleased later to respond to any comments or questions that you or your colleagues might have.

If I might just very briefly respond to some comments and some testimony that has been given, sir.

I certainly would want to say in response to what Mr. Busbee said that we do have an excellent relationship with the State Approval Agency in South Carolina and in the vast majority of the States. These State Approval Agencies were brought into being and laws were passed concerning them to have the States assist the Veterans' Administration in the overall supervision and administration of the G.I. bill. I would think that by and large the historical findings would be that good jobs have been done.

With respect to some of the comments made by Mr. Lawson, I would want to say that I have known him for some period of time, and in spite of what some of our statements might perhaps otherwise indicate on occasion, we do get along. I was a little bit surprised that he said that he was appalled by my having made a statement that there are a minority of veterans, a very few veterans who have felt and have expressed the idea that they had a right to the money that was erroneously paid to them; that the fought in an unpopular war, and as a result of that they felt there was nothing wrong about keeping money that was not due and earned.

Mr. Lawson made comments that he disagreed with those statements, and was appalled and thought they were degrading. He then said that he agreed with the statements made by the President, I think, of the Jacksonville Junior College. I would think that a careful reading of the President's statement and my statement would indicate that they are not very far apart. And if he was appalled by my statement I would suggest that he should have been appalled by that one, too.

He made comments about a meeting in the adminsitrator's office, and he said that the academic community was not backed up against the wall by the Veterans' Administration or that we did not back up against walls and come out fighting, and, of course, that is true, and we did not do that, and I would not want the record to indicate otherwise.

I would want the record, however, to show that at the beginning of that meeting—and I recall it very well and in some minute detail—there were expressions by certain of the people of the academic community that were not disputed by any ofthe other academic people who were there. Those expressions were to the effect that the Veterans' Administration and, in fact, the Congress had overreacted to the overpayment problem; that, in fact, it did not exist in many significant places. I recall that one statement was made by a very prominent educator—and I am sure he believed exactly what he said—that only two overpayments had existed at his school. The fact is he had overpayment letters and liability letters confused. There have been two liability letters sent to his school but there had been a substantial number of overpayments to veterans. And that was not surprising.

There would be a substantial number of overpayments at any school were there are substantial numbers of students by the very nature of advance payand prepay if there were no other reasons for overpayments. These are the kinds of overpayments, Mr. Chairman, that I have tried to indicate are in the innocent category, where the man enrolls, he gets advance pay, and for very good, and solid and substantial reasons, drops out of school; he is automatically overpaid. And it would be literally impossible for any school to have any substantial number of students and not have some of the students at that school overpaid at a point in time. And that was the answer to the so-called overreacting.

There were other statements made that the veterans ought to be the people who are liable for overpayments and that the schools ought not to be, and this was explained in some considerable detail.

I have said to several people that following that meeting—and I think Mr. Lawson and everyone else would agree—that the cooperation between the education community and the Veterans' Administration has improved. But I have also said that at the beginning of that meeting there was a considerable amount of tension, there was a considerable amount of misunderstanding, there was considerable confusion I think perhaps on both sides as to exactly what may have been said, one to the other. But I would want the record to indicate that at the end of the meeting things were better. I would also not want the record to indicate that they were extremely bad at the beginning because they were not.

Mr. Lawson recommended regional meetings or regional hearings around the country. Mr. Chairman, Veterans' Administration regional office officials have been meeting with academic officials around the country for many, many years.

I was a field station director for some 10 years. Every year prior to fall enrollment we had meetings in the regional offices or at the schools or at centralized areas, and we talked about regulations. We talked about the bureaucracy in which we all have to live. In the vast majority of instances our problems were worked out. And in those instances where school officials sent the ABC people, as I call them, to the meetings, and also brought to the meetings their high officials so that there could be a merging of the informational process, we had very few problems.

There was one other statement made by Mr. Lawson that I just want to comment on briefly. He inferred in his statement—and I regret very much that he did this—that there was some element of discrimination perhaps in the way that we have tried to conduct ourselves at the Veterans' Administration over the years. I think, his statement said that, "We almost wanted programs at primarily black colleges to fail."

Mr. Chairman, I categorically deny that and he knows it is not true. And I would hope that upon reflection he would let the record indicate that it is not.

He made the statement also that he believed that we held up information about the overpayment problem for these hearings. Now you know, Mr. Chairman, that could not have happened unless you and I had entered into some kind of an agreement to let it happen, and you and I both know that no such thing happened. Again I would hope that Mr. Lawson would make the record reflect that that did not happen.

I think that basically concludes my statement, Mr. Chairman, except that in response to one of the questions—and I am not sure when this happened—as to exactly what caused all the overpayments, both in terms of numbers and in terms of amounts, and it may have been stated before, but the numbers obviously would increase and the amounts of dollars would obviously increase as the enrollment increased. And over the last couple of years we have had the highest enrollment under the GI bill we have ever had. We had more enrollments than were ever anticipated, and that did contribute, of course. That is not to say that there have not been an awful lot of things happening that should not have happened.

And, finally, with respect to State approval agencies, I might say that a significant part of the problem was brought to our attention by a State approval agency survey over in the State of Maryland where glaring instances of things happening that should not have happened were brought to our attention. And Mr. Busbee is quite correct when he said that other State approval agencies in his association also brought to our attention certain matters, and it was these events among others that caused us to embark on new standards, and new regulations, and new procedures in the Veterans' Administration which primarily were tightening up or reinforcing or reemphasizing rules which already existed.

And that does complete my statement, Mr. Chairman. We will be pleased to respond to any questions or comments.

Mr. MOTTL. Thank you very much, Mr. Wilson.

Mr. Hannaford, of California, do you have any questions of Mr. Wilson?

Mr. HANNAFORD. Yes, Mr. Chairman.

Will you refresh my memory, Mr. Wilson, as to the percentage of overpayments?

Mr. WILSON. I am sorry, Mr. Hannaford, I could not hear the first part.

Mr. HANNAFORD. Will you refresh my memory as to the percentage of overpayments that are recovered?

Mr. WILSON. Yes, sir.

I got an update just this morning. Last month it was 73 percent of those that were established. It ranges somewhere, Mr. Chairman and Mr. Hannaford, depending on the time of year, between 73 percent and about 82 to 83 percent. It levels out at about 75 percent.

Mr. HANNAFORD. Around 75 percent.

Mr. WILSON. Yes, sir.

Mr. HANNAFORD. Do I recall correctly that you still pay for the prepayment and advance payment program? What is your position on that?

Mr. WILSON. Yes, sir. In response to that question in times past, as I was questioned by Mr. Edgar, I stated that we would like very much to let our new rules work their will or our new procedures work their will, and we would like to wait until at least after fall enrollment, at which time we think there are going to be significant improvements. We would then take another look at it. But we think that the advantages of prepay and advance pay, even with the bad examples of overpayments, have been outweighed, and we think the advantages outweigh, at this point in time, the disadvantages and we would like to wait.

Mr. HANNAFORD. Will you again recite those advantages that lead you to that conclusion. I think I must have missed them in your previous statement.

Mr. WILSON. Yes, sir.

It was stated this morning that there were some check problems in terms of delivery of checks to veterans about 2 or 3 years ago, and that certainly is true. This came about as a result of a tremendous increase in the enrollment figures. It came about because of the recession, causing some of this accelerated enrollment. That had some contribution. But there had long been an argument made by some young veterans that they did not have money in their pocket as they enrolled in school. In those instances where they had to pay tuition immediately and still needed some money to live on until they got their next check, it was thought that it might be an inducement, No. 1, to get more enrollees into school; have a better participation rate under the GI bill; and it might be very, very helpful in those instances where people had that kind of a difficulty. And, of course, closely following on that was the idea of prepay, to pay a person ahead of time instead of at the end of his normal school month. These ideas were bought both in the Administration and in the Congress and were passed into law. It was shortly following that time, Mr. Hannaford, that the big overpayment situation hit us.

I would want to emphasize that it hit, in part, because of the very success of advance pay and prepay. This made a higher base. The success of the outreach program and the creation of a higher base, very obviously were the basis of a significant number of overpayments. Many of these were not preventable by the nature of the administration of our program.

Mr. Hannaford. And the advance payment as well. Does it not bother you that we do not find any of the rest of the country in this same way on the basis of advance payment?

Mr. Wilson. Mr. Hannaford, it was not a traditional way of doing things to say the least. There had been arguments made in behalf of it for a long period of time. I do not know of any other program in the Government where you pay peoplye ahead of time. But that argument of the dangers of paying veteran students ahead of time was weighed against the advantage of letting them have some money in their pocket on a prebasis, letting them have some money in their pocket to pay their tuition, and buy their books and have some subsistence. And the decision came down on the side to do it. I think the Administration and the Congress recognized that there would be these overpayments but perhaps not to the extent that they happened.

In response to your basic question: Does it worry me? It is easy to say that I was not in my current position at that time, but in the sense that it was nontraditional, and in the sense that it did have these unfortunate features to it, yes, it worried me. But I also have to say, in retrospect, that it performed a good function. It has been a good thing for an awful lot of people. And it is for that reason that we would like to see the regulations and the rules have an opportunity to work, the new ones, to see if we cannot cope with the problems and yet maintain the benefit.

Mr. Mottl. Mr. Hannaford, would the gentleman yield?

Mr. Hannaford. Yes, I would be glad to yield, Mr. Chairman.

Mr. Mottl. Thank you very much, Mr. Hannaford.

This really bothers me, this prepayment versus postpayment. And it seems that the GAO indicated in its report that a substantial portion of this overpayment is attributable to the prepayment versus postpayment. In exceptional cases where a veteran does not have money, could they not come to the Veterans' Administration under a hardship or now the advance-payment program and take care of those few veterans, or whatever portion they are, and then go back to the postpayment period?

If this is going to be a significant causal relationship to the overpayment, if we could go back to the 1972 era, and still provide for those veterans by hardship case payment. And I am sure all the veterans are not in the same boat. Some are financially stable that can start college and take the money at the end of the month. There are probably some veterans that would need the money in advance. Could they not make an application, and under proper guidelines and regulations, get that money in advance, but make this an exception rather than the rule?

Mr. Wilson. To answer your question, Mr. Chairman, I would say that, yes, it is possible to do what you suggest. In my opinion, however, it would be an administrative nightmare to try to adjudicate hardship on an individual basis because people would differ, of course, as to what they thought hardship was. And there could be the young man from the family of very substantial means who would not want to lean upon his parents or his family. There are others, obviously, who would be affluent in their own right who ought not to take advantage of the benefit. And if you could just single those people out.

Mr. Mottl. Well how did you do it before, because you had the hardship program before? How did the Veterans' Administration do it before?

Mr. Wilson. No, sir, we never had to adjudicate a hardship.

Mr. Mottl. Well, special payment. I am sorry.

Mr. Wilson. But not for advance pay or prepay. The hardship payment was to pay the man who was due the money and it had not arrived, for whatever reason, either by his own fault, or by our fault, or a school's fault. But we never had a system, sir, of prepay or advance pay before.

Mr. Edgar. Would the gentleman yield?

Mr. Hannaford. I would be glad to yield.

Mr. Edgar. Taking your reasoning now, would you suggest that we change our social security system so that we give prepayment, and then if someone dies, we go back and assess their family to reclaim the money?

Mr. Wilson. No, sir. I do not know enough about social security to make a recommendation in that regard. But I would suggest to you that the perils of advance pay and prepay were carefully weighed by the Congress when the law, with respect to veterans schooling, was passed.

Mr. Edgar. I think I have some difficulty with Mr. Hannaford in understanding that if, in fact, a large portion of the overpayments occurs, as the GAO report indicated, from the prepayment and advance-payment program, how the Veterans' Administration can see that and come in with some recommendations for tightening up the prepay and advance-pay program, to clean up that portion of the overpayment problem that you have handles on.

It is very difficult for me to understand that.

Mr. Walsh. Would the gentleman yield?

Mr. Hannaford. I would be glad to.

Mr. Walsh. You stated, Mr. Wilson, that by the very nature of the prepayment system the overpayments were not preventable.

Mr. Wilson. Yes, sir.

Mr. Walsh. Is that what you mean to indicate? You are telling us then that there is nothing we can do about the overpayments as long as the prepayments exist.

Mr. Wilson. No, sir. I did not mean to infer that in that context, Mr. Walsh. What I did mean to say was that some of the overpayments, that number that are caused by prepay and advance pay, and that alone, are not preventable because of the fact that you have paid the man ahead of time, and then he changes his curriculum for whatever reason. It is just like a person getting a paycheck. If they were to be paid ahead of time, and then quit work tomorrow because they had an accident or something, they would owe money back to the company. And in that context I would say they are not preventable.

Mr. **Walsh**. But that as long as you have the prepayment system you are going to have overpayments and you are going to have criticism of your program. You are telling us there is nothing we can do about it as long as this system exists, but yet you indicate the prepayment system.

Mr. **Wilson** I would respond, Mr. Walsh, by saying, as I said earlier, that we collect 75 percent of the money back. It would be my opinion that in the instance of the so-called innocent overpayment caused by prepay and advance pay that we get substantially more than that back. In the instance where the man reduces, for instance, from full time to three-quarter time, having had advance pay with respect to full time, he now reduces to three-quarter time. The following month we automatically get that money back because we recoup it from his next month's check. But statistically, sir, that shows up as an overpayment. The difference between the three-quarter time and the full-time would be the amount of dollars involved. And so that kind of money is immediately collectable back the following month. It does, however, show up in the totals of what we call accounts receivables, and it does show up in the amount of money that is out there for us to try to get back.

Mr. **Walsh**. If the gentleman will yield further. You indicated to Hannaford that the collection of the overpayments run about 75 percent. Now the other 25 percent you do not get back as I understand it.

Mr. **Wilson**. Several things happen, Mr. Walsh. In the instances where we just cannot collect the money at all, for whatever reason—and if it is over $800 the matter is referred to the General Accounting Office for them to attempt to collect it. Thereafter, if there appears to be just—to use a phrase, ripoff—then the Department of Justice would get involved.

In instances of substantially less money than that where we cannot collect the money, again, for whatever, reason—because we cannot find the man, or, having found him, he will not pay—we terminate collection efforts rather than pour good money after bad.

The 25 percent, sir, if I could just say this, still remains on the books. We do not write it off in terms of a typical writeoff of dollars. What we do is terminate collection efforts on it. And then if a veteran ever comes back into school we get the money back by recoupment. If he later gets on the compensation or pension rolls then we also get it back by recoupment.

Mr. **Walsh**. The thing that worries me about the program, Mr. Chairman, is that because of the number of the payments, the whole program becomes suspect. And we and members of the Veterans Affairs Committee have a responsibility to the taxpayers to try to make this system work or we get a new system. Now a business organization could not stay in operation very long if they had a 25-percent error factor in their billing and in their collecting system. And I submit to you that the Veterans' Administration program should not stay in business, this 25-percent error factor, that it just dismisses because we are going to see headline after headline like the ones that appear in the Washington Star if these abuses continue.

Mr. **Wilson**. Mr. Walsh, I certainly appreciate what it is that you are saying and what it is that you are suggesting. But I would like to say that it is not a 25-percent error rate. The amount of money that has been overpaid as compared to the amount that has been paid out, added to the amount that has been collected back is a far, far cry from 25 percent.

Mr. Carlin, of our Controller's staff, has made a study in that regard, and I would be pleased to put into the record a paper which would indicate the total amount of money that has been paid out so that we can get a proper relationship between the overpayments and that total.

[The material referred to follows:]

Education accounts receivable for period fiscal year 1971 through fiscal year 1976—July-April

[Dollars in thousands]

Balance start of fiscal year 1971	$ 8,406
Established during period	1,663,635
Total available	$1,672,041
Less Dispositions during period:	
Cash collections and Offsets	$1,228,142
Waivers and compromises	4,331
Terminated	60,123
Total dispositions	$1,292,596
Balance end of period (Apr. 30, 1976)	$ 379,445
Percent of collections and offsets to total available	73.5
Percent of writeoffs (waivers, compromises and terminations to total available	3.9
Percent of total dispositions to total available	77.4
Percent of balance on hand to total available	22.6

STATUS OF BALANCE ON HAND

Balance on hand (Apr. 30, 1976)	$ 379,445
Less amount in process of liquidation thru offset and payment plans	73,232
Balance on which collection action is being taken	306,213

NOTE.—$134 million were established in CARS in March and April for which collection actions are in their early stages.

Education and training costs for period fiscal year 1971 thru fiscal year 1976—July-April

Total education and training costs	$18,395,474
Total education overpayments	$ 1,663 635
Percentage of total education and training costs	9.0
Total writeoffs (waivers, compromises, and terminations)	$ 64,454
Percent of total education and training costs	0.4

And I know that having said that, that someone is liable to suggest—and I do not mean that this committee would—someone would be liable to suggest, "Are you saying, Mr. Wilson, it is not a lot of money?" Certainly I am not saying that. A lot of money has been paid out. And a lot of money has been overpaid. But if you put the thing into total perspective, it is a much lesser percentage than the 25 percent. And my memory is it is about 4 percent.

Mr. CARLIN. It is about 4 percent. The remaining figure is the balance on hand, which is still being pursued. So it is not 25 percent.

Mr. MOTTL. Mr. Hannaford, before we resume with you, can I just offer some facts and statistics to enlighten your question here?

Mr. HANNAFORD. Go ahead.

Mr. **Mottl.** I think the overpayments are $1.7 billion. Almost $1 billion is going to be for this next fiscal year in overpayments. The percentage that the GAO contributes on advance payments and prepayments is 21 percent of the total overpayments.

Mr. **Wilson.** I really think it is more than that.

Mr. **Mottl.** Pardon?

Mr. **Wilson.** The GAO used that figure from their sample of cases.

Mr. **Mottl.** Yes.

Mr. **Wilson.** I have not agreed with that statement. I questioned their statistical base without qustioning their overall finding because we just do not know. But I think it is higher than 23 percent.

Mr. **Mottl.** And also a substantial percent which is caused by this prepayment. And also another fact I keep in mind that approximately $375 million is left uncollected in the account at this point, according to the GAO, on the overpayment. Three hundred and seventy-five million dollars is in the acount that is still being pursued to try to collect. And 1 percent also of administrative costs goes into the number of people working to collect this money.

I am sorry. Go ahead, Mr. Hannaford.

Mr. **Hannaford.** Thank you.

Mr. **Wilson.** Mr. Chairman, if I could just interrupt for a moment. May I place into the record a recapitulation of the years from 1971 through 1976 showing the number of overpayments established, the amount of money associated with them, the percentage collected each year, on a monthly basis, the total dispositions, and the balance at the end of each time? I think it might be helpful to the committee.

Mr. **Mottl.** Good.

Without objection, we will enter it into the record.

(The education overpayments schedule follows:)

EDUCATION OVERPAYMENTS

[Dollar amounts in thousands]

	Established	Cash collected and offsets	Percent to establishment	Total dispositions	Balance end of period
1971	$32,987	$25,998	79.0	$27,425	$13,972
1972	50,785	41,831	82.4	44,602	20,155
1973	142,411	98,121	69.0	101,966	60,580
1974	269,027	197,286	73.0	205,843	123,761
1975	446,332	333,485	75.0	349,892	220,203
1976 (April)	722,093	531,421	73.6	562,852	379,445

Notes: It is expected that establishments will reach $950,000,000 to $1,000,000,000 during 1976 and decrease to approximatly $800,000,000 in 1977 due to reduction in trainees and tightening of procedures. We should continue to collect 75 percent or better. GAO has indicated that 21 percent of overpayments are due to advance and prepay and therefore if this is true and we eliminate this procedure our overpayments establisbed in 1977 should reduce from $800,000,000 to about $620,000,000 to $640,000,000.

Mr. **Hannaford.** That would be most helpful. As a matter of fact, I would like to have a copy of that forthwith without having to look it up in the record because I think that would be most enlightening.

Are we talking about something on the order of a quarter of a billion dollars a year that is lost and not recovered?

Mr. **Wilson.** No, sir.

Mr. **Hannaford.** Are we not talking about something in that neighborhood?

Mr. **Wilson.** No, sir.

Mr. Hannaford. What would you say it would be this year that we are going to lose and not recover in the nature of overpayments? How many millions?

Mr. Wilson. Mr. Carlin.

Mr. Carlin. If I may.

Mr. Hannaford. Yes, if you would, please.

Mr. Carlin. All right.

I would like to point out that of the $379 million we have on hand as of the end of April, about $73 million are in the process of being collected. In other words, through prepayment plans and through offsets has not been liquidated as yet, and it should be very shortly.

Also about $170 million came in in the last 2 months which we are in the process of collecting.

Mr. Hannaford. I am sorry, but let me just interrupt. I asked you for just the bottom line, because I do not really see the bookkeeping process. Just give me in the bottom line of how much is going to be lost this year by your estimate in overpayments.

Mr. Carlin. Well, as of April, it was about $33 million.

Mr. Hannaford. Total for the year?

Mr. Carlin. Yes, sir.

Mr. Hannaford. That is all you are going to lose on that basis?

Mr. Carlin. Yes, sir.

Now that which has been terminated or written off, that means we are no longer pursuing their collection. But a percentage of these have been referred to the GAO, and the remainder stay in our master record. Should the individual come back again for any other benefit, we have it to recover.

Mr. Hannaford. That is for 1 year.

Mr. Carlin. That is from July through April that we have actual figures.

Mr. Hannaford. What are the administrative costs that is lost in that process?

Mr. Carlin. The administrative cost, we took a rough estimate as to how much it is costing us per case that we have disposed of, and it came up to—and we still have to refine it. This is in order of magnitude—about $6.18 per case.

Mr. Hannaford. What is the total, $6.18 per case? What we are trying to do is find out what the net cost on the overpayment is, and I am not getting that.

Mr. Wilson. Sir, may I do this?

Mr. Hannaford. Yes, please.

Mr. Wilson. We have about 200 employees out in Minneapolis, and the average salary of those 200 people would be about $12,000. That is 200 people at Minneapolis at our basic collection center. We have other people around the country who are involved in the collection activity in one way or another, and I would say that we are talking about 400 people nationwide, including the 200 at Minneapolis, who are involved in the collection effort.

What is the average salary now?

Mr. Carlin. About $11,000.

Mr. Wilson. About $11,000. So you would add that to the $33 million that Mr. Carlin talked about.

Mr. Hannaford. I do not have computer with me, and in all due respect—and I do respect your concern and compassion, Mr. Wilson about this—but of all the hearings we have had it looks like somebody could ask the question: How much is the overpayment problem costing the country? And I think somebody should come to a figure so that we could say so many million dollars on the basis of a precise period of time, not June, July to April, or whatever. I would like to just look at it, because we handle the budget in that way, on the basis of how much we have lost in a year and how much we expect to lose this year. I find it remarkable that we have not come to that simple figure.

Let me move from that to this question.

Is not the problem compounded by something else in higher education? That is, the more elusive nature of measuring education into which we have ill-defined forces and rather unstructured in many cases without the possibility of very exact attendance records, and changing grading from a precise rigid gradation to "W" credit—pass, fail—and things of this sort? Is that not further compounded with the matter in question to overpayments, do you think?

Mr. Wilson. I would like to ask Mr. Thornton to respond to that question, sir.

Mr. Thornton is the director of our Education and Rehabilitation Service.

Mr. Thornton. Undoubtedly that has resulted in some overpayments. And I think his statement that was made before the committee earlier would indicate that open admission policies, nonpunitive grading systems, liberal withdrawal policies of schools, failure to keep attendance records at schools, and things like that have contributed to the problem, and these are things that our regulations that were published last August that Mr. Busbee referred to are intended to require the schools to establish standards of progress. And the State approving agencies are required to find that the schools are enforcing these standards in order for us to continue benefits to students at the schools.

Mr. Hannaford. In regard to this, we get involved very much in what is in the minds of college people, the administrators and faculties. It constitutes intrusion into their grading policies, and their attendance checking policies, and a great deal of the administrative work on both your part and on the part of the colleges and universities.

Mr. Wilson. Sir, the law with respect to this is that a student has to maintain satisfactory progress if he is to receive money under the G.I. Bill. And to the extent that we have to find from the school exactly whether he has done that or not, then to that extent I would say that we have become involved through the State approval agencies in that.

Mr. Hannaford. What I am coming to is this conclusion, and I have not sharpened it because part of it has come to me today in this line of questioning and testimony: we went precisely the wrong way when we came to the prepayment and overpayment because we did that at the time when we were losing the precision of an exact package of educational accomplishments. When we take those two together, the prepayment and advance payment, and then you take and involve yourself in attendance records that are no longer an exact measurement of accomplishment, you have compounded one problem with another.

I would suggest some sort of solution such as this: Instead of a prepayment, have the payment based upon credits earned, because we still have that as a reliable measurement. So you have so many units at the end of the semester that you have earned, and have for those who need it—and there would be a substantial number of those who would need it—a semester loan, perhaps to be paid on installments, to get one by that first semester, for which he would sign a legally accountable document instrument of liability. So instead of advance payments, I would say that in light of the recent developments in education we should be going in the direction of payments for credits earned at the end of the semester instead of at the beginning.

Mr. **Wilson**. Sir, I would be glad to have our technical people look at that kind of a proposition. I would suggest however, that the person who you have difficulty getting to pay you back in overpayments, that you would have the same difficulty with that person getting him to repay a loan.

Mr. **Hannaford**. Have him to sign a document, a legally binding document. So that you know who he is and where he is.

Mr. **Wilson**. Well he signs such a thing as that now, Mr. Hannaford, with respect to his certificate of enrollment. He signs that when he gets his certificate of eligibility. He has a legally binding debt to us right now.

Mr. **Hannaford**. Well it seems to me that that would be the thing to look at. I would just like to see that pursued. It might not be utilized by every person who comes in; I suppose it would be utilized by many. But I think that we have gone the wrong direction in light of the recent liberal direction of education. And I agree with that more liberal direction of education. I agree with breaking down some of these rigid lines.

Mr. **Wilson**. My memory of the history of the advance pay and prepay situation, sir, was two; that the education community—and I may be incorrect on this but I do not think I am—the education community was very, very much in favor of advance pay and prepay at that time. I think there are segments of it now who perhaps are not as much in favor it as they were, and I think that comes about in considerable part because they begin to realize more and more the possibility of school liability along with veteran liability in the case of overpayments in those cases where they have not performed properly. I need to say again that any time I make that kind of statement, Mr. Chairman, that the vast majority of schools do perform properly, the vast majority of veterans do perform properly, and all too often I think we do not stress that enough.

Mr. **Hannaford**. I can understand why the academic community would advocate such a stand, but it does, of course, expand their opportunity for growth, and that is a natural appetite for institutions.

I have no further questions, Mr. Chairman.

Mr. **Mottl**. Thank you, Mr. Hannaford.

Mr. **Hannaford**. I will say, Mr. Wilson, I do appreciate to have someone with such obvious concern for the welfare of veterans in your position. Thank you very much.

Mr. **Wilson**. Thank you, sir.

Mr. **Mottl**. Mr. Edgar?

Mr. **Edgar**. Thank you.

I would like to apologize for laughing when you said 33 million because all of the headlines I have seen are billions of dollars, millions of dollars. And when you look at the fact that 75 percent of this is being recovered, I wondered—and had to smile in kind of amusement—whether the Washington Star is also going to carry a headline in the front page indicating all the money that was repaid in the overpayment problem, and whether those veterans who were innocent victims are going to get some credit for the fact that they were prepaid and advance pay, changed their curriculum, changed their ideas; you know, when confronted with it, we paid their liability, and yet we are looking at the whole group and saying, hey, you guys have missed the boat. Somehow, I think out of all of this discussion, the veteran is the one who is kind of looked on—and maybe in a few instances a few community colleges—the veteran is the one who is looked on as the guy ripping off the system.

I have heard our distinguished chairman, and the chairman of the Educational Subcommittee say that, that one of the reasons we should not go to giving the extension of the delimiting date because all veterans using the G.I. Bill program are ripping the system off, are making the system not work, are using the prepayment and advance payment program to their advantage. Universities are using the withdrawal and the other signals to do their own thing. And that is why we ought to pay for a G.I. educational program.

Frankly, I do not think that this information indicates that. I think we have an overpayment problem. I think it is substantial in size and shape. I think rules and regulations can be provided to clean it up. And I think we may want to look seriously at the prepayment and advance payment program as being part of the problem. But when I look at the law, I look at section 1780(h), where we talk about enrollment and attendance, clearly the Administrator has that responsibility to set guidelines which you did last August. I kind of think those guidelines were a little late, and the progress of standard guidelines seems to me to be a little late. But you have that responsibility.

Recovery of payments, you have a clear legal obligation to do that. And each time the Administrator is the one charged with the responsibility of pursuing the regulations, shall prescribe determine enrollment in pursuant of attendance at any program of education or training. Each time throughout the year, both the Veterans' Administration and the State approving agencies bear the responsibility of overseeing the program, setting the rules and regulations.

I kind of think that it is a shame that we have focused it all on this overpayment problem, which I think is a serious one, without putting it into some proper perspective. Everybody has some responsibility here. Nobody maliciously did anything wrong. Maybe a few people are presumed wrong, but I think the mood in the public press throughout the United States is that the GI bill is being ripped off, and it is a cinch it was being ripped off.

I am really not sure that that is the case.

Do you have any reactions to my thinking out loud?

Mr. WILSON. Yes, sir, I have a number.

First, as to the agreements. I have tried to make it clear since the beginning of these hearings in the times that I have testified that the vast majority of people who have pursued education under the GI bill have performed in the way that they should have performed.

I have tried to make it clear as best I could that the vast majority of schools have performed in the same admirable way.

Mr. EDGAR. May I interrupt you for a second?

Could you possibly put those two statements in a letter to our distinguished chairman?

Mr. WILSON. Yes, sir, I would be pleased to. Every day I would be pleased to do that.

[The statements follow:]

JUNE 8, 1976.

Hon. RONALD M. MOTTL,
Chairman, Subcommittee on Education and Training, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: During the hearings on overpayments held before your Committee on June 2, 1976, Congressman Edgar asked me to write to you as to my opinion of the veteran and school involvement in our current education overpayment problem as that problem relates to abuses.

As part of my testimony on June 2, 1976, I commented that the great majority of veterans attending school under the G. I. bill are honest and serious about their education. I then said that unfortunately a significant minority saw an opportunity to turn this situation to their advantage and misled the government into improperly paying for some benefits.

I also said that the same is true of the overwhelming majority of schools in that they too are honest and efficient in carrying out the requirements of the law.

Since investigative reporting leads to headlines, the headlines often reflect the actions of the minority. It is undoubtedly true that the creditable veterans, although in the vast majority, are not usually mentioned in such headlines.

My opinion on the magnitude of veteran involvement in so called "rip offs" was previously stated in my testimony on April 29, 1976 before your Subcommittee. Nothing I have learned since then has caused me to change my mind.

Sincerely yours,

RUFUS H. WILSON,
Chief Benefits Director.

Mr. WILSON. But I have also said, Mr. Edgar, that there is nothing about a veteran that automatically makes you honest. And there are a number of people who have ripped off the system. I think that is horribly unfortunate, but it is nevertheless true. They come across my desk every day.

Now, of course, when this gets to the media—and I understand the media's basic responsibility—when this gets to the media, I am confident that it gets placed out of proportion. I am sure that headlines sell papers.

With respect to the story that appeared in the Washington Star with respect to Northern Virginia Community College, I frankly thought it was a well balanced story. I did not talk to the reporter myself, but I thought it was a well balanced story. I think in that story the reporter did talk about prepay and advance pay, if it is the same story that I recall.

You made the statement that you perhaps do not feel, Mr. Edgar, that there is any maliciousness involved. I respectfully disagree. On some occasions there is. Certainly these are a few situations as compared to the total. But I cannot remotely agree that there has not been some of that. I had a case on my desk just this morning that I am confident that if you were to read it that you would agree.

Mr. EDGAR. That is not exactly what I was saying. I was saying that in some cases yes, there is maliciousness. In some specific cases there are overt, premeditated actions, OK, but not to the extent, not to the volume, not to the level that we were led to believe. We were led to believe that this was a billion dollar business, OK? And I think what I am hearing—maybe I am just focusing it—is that of the billion dollar problem, a hundred million of the billion dollar problem perhaps is a malicious ripoff. And we as members of the committee and people who oversee the taxpayers' funds should be concerned about that $100 million of ripoffs. But that clearly there are a whole host of innocent victims who are victims of prepayment, who are victims of universities who, for other purposes, have a freer program than the Veterans' Administration might want. That is what I was trying to say.

Mr. WILSON. Well I would respond to that by being in essential agreement, I think, Mr. Edgar.

I recall a Member of the Congress called me one day not too long ago, and said he was concerned by the word "billion." And I recalled where he got the word. The cover piece of paper on the General Accounting Office report, as I recall, says "Overpayments Veterans Administration, a Billion Dollar Problem." And, of course, that became the headline.

I do not have any disagreement at all with the fact that the overpayment problem in terms of getting the money back and in terms of stopping the abuse as opposed to the innocent aspect of it, I do not have any doubt at all that that has been overplayed a great deal.

I do not have any doubt that it has given the GI bill a kind of a black eye. But the GI bill is a whole body, and I think it is going to overcome the black eye. And I think when people look at it in perspective, as you have been looking at it and that this committee has been looking at it, that your report, when you make your report, will have that kind of a basic reflection in it.

Mr. EDGAR. I asked you once before whether you would recommend any changes in the law to assist you in collecting overpayments, tightening up the procedures so that overpayments do not occur. Do you have any recommendations to reflect at this time?

Mr. WILSON. Yes, sir.

In my second testimony—and I am not sure I have a copy of it with me—I made certain recommendations, and I think in response to your question the last time, sir, I asked permission to place those recommendations in the record again, and I think you asked me to send you a copy of them, and I think we did, although I am not certain. And if we did not do that we will do it this afternoon, sir.

Mr. EDGAR. All right.

[The requested information was sent directly to Congressman Edgar on June 2, 1976.]

Mr. EDGAR. I notice the committee staff is working on some recommendations that did not exist in the language. I saw the preliminary draft. It is four or five pages of changes in the law which the committee staff has been working on, so I am sure they have been looking at that problem.

I really appreciate your testimony. I think you have been frank and honest with us. I would just hope that as the word gets out in each community that we do get a lot of the funds back, and I think that the public discussion here, these public hearings, will be helpful in reclaiming some of that money and exposes some of the problems. I also hope that the black eye does not impress the GI program to the extent that it becomes drastically altered or phased out completely as to the disgust of this committee. But I think that there are some legitimate people who are using the GI educational benefits to pursue education to their own advancement, and I think the results of that are more positive than negative.

Mr. Wilson. I appreciate your comments, Mr. Edgar, and I would want the record to clearly reflect that insofar as the Veterans' Administration is concerned we think these hearings have been extremely helpful.

Mr. Mottl. Mr. Wilson, I have a few questions before we conclude. Maybe we can go over some of the facts that have been espoused here since the hearing started, which you have been extremely helpful—and I want to thank you and your entire staff for being so helpful to the committee—so we can come up with the proper remedial legislation, and to make sure that this program turns around a little bit. And I do not have the same attitude that Mr. Edgar does. I think that a 5 percent ripoff, so to speak, is serious, and I think we have to do something to remedy that. And I know that 95 percent of the GI's and the vast majority of educational institutions in the United States are doing a good job. But it is that significant 5 percent—and I call that significant—that I am concerned about.

So if I can recap some of the statistics so we can get a bottom line on this, so we better can prepare any reports or remedial legislation to help you in remedying this situation.

Since the program started about 1966 there has been approximately $1,700 million in overpayments. That might be up at this point. There is in the noncollected account approximately, according to your facts and statistics at thist ime, $379 million left to try to be collected. And we have heard testimony I think from your own lips that about 5 percent of the GI's were in this so-called ripoff.

Mr. Wilson. I think I said, sir, that that was an imprecise on scientific figure, but it is the best I can come up with.

Mr. Mottl. Yes. Sure

So approximately 5 percent of the GI's used these funds, not as they were supposed to be used, in pursuing an education.

Mr. Wilson. In one way or another, yes, sir.

And also we heard today for the first time testimony that approximately $33 million is written off annually as to not being able to be collected.

Mr. Carlin. I am sorry, sir.

Last year we terminated or waived about $16 million. This year it will approach $33 million, and that is because we have almost doubled our establishment. And these are the ways we terminate a case, we waive it or we refer it to GAO.

Mr. Mottl. And what do you believe it will be the following year? Will it be more than $33 million?

Mr. Carlin. It has been running around 4 percent of the total, so whatever it is. If the following year it is as high as this year, which may be a little less, it will be about same.

Mr. Wilson. I think we need to say, Mr. Chairman, that the total amount of overpayments next year should be downward if for no other reason that there will be a lesser number of people in the program. So it should be something less than the $33 million of this year. But you have to recall, too, that we have been flushing out an awful lot of situations. And for a temporary period of time the number of overpayments might well, and probably will, go up, and the dollars will go up while we are making better compliance surveys, and while the State Approving Agencies are making better surveys, and while more veterans themselves are sending the money back to us because of the media, and because of the public relations generated by this committee's activity.

Mr. Mottl. And it cost approximately 200 employees in Minneapolis times $11,000 a year, so that is approximately $2,200,000 to help collect these overpayments, plus their materials, and overhead, and interest, so we are saying maybe at least $3 million to collect the overpayments.

Mr. Wilson. Yes, sir. I think I would need to clarify it just to this extent. When we established what we call CARS, the centralized automatic accounts receivable system, out at Minneapolis, this was not contemplated. It was not contemplated it would be that expensive. A 5-percent sampling of all the overpayments around the country were made in terms of the collection activity associated with them, and it was decided, based upon that, that the Government could do better, and the Veterans' Administration could do better by centralizing all of its new accounts. But it was never remotely anticipated that there would be the number of accounts that are now out in Minneapolis. I think something less than half of this amount was anticipated in terms of employees. I think we had planned 100 employees out there and now it is 200.

As we get better and better control of the program and the GI bill tones down over a period of time, as future delimiting dates come, the number of employees will decrease.

Mr. Mottl. All right.

Now what about other employees making the investigation at various universities?

Mr. Wilson. The reps on campus?

Mr. Mottl. Yes. Only other employees are attributed to this problem of overpayment.

Mr. Wilson. Well that is really, Mr. Chairman, why I had trouble with Mr. Hannaford's question because these are parts of employees or parts of people. A vet rep on campus may spend a part of a day on overpayment problems or the prevention of them. A vet rep on campus might be asked questions about overpayments. A veterans benefits counsel in a regional office is asked a multitude of questions during a day. Finance people in regional offices work on this, and then adjudication people have to make amended awards when changes come in or when overpayments are discovered. So it is very difficult at any given moment to say how many people are working just on overpayments. And as best I could I have estimated 200 around the country in addition in Minneapolis.

Mr. Mottl. All right.

How many millions of dollars have we lost since 1966, a total. There was 33 million—I call it 36 because of the overhead—36 million plus 16 million last year, and yet another million and a half to that.

Mr. Wilson. I am told the figure since 1966, sir, was about $71 million.

Mr. Mottl. $71 million was the total lost?

Mr. Wilson. That is where we have terminated collection efforts. We might get some of that back later on.

Mr. Mottl. And we have in the collection account $379 million that we are going to attempt to collect.

Mr. Wilson. Yes, sir. And some $67 million of that is in the process of being paid back in installments; $167 million of that total was created within the last 2 months.

Mr. Mottl. Now the overpayments are running at the present rate of close to between $800 million and $1 billion a year? Is that correct?

Mr. Wilson. For this fiscal year we anticipate there will be $900 million to a billion dollars. Next year, because of the decrease in the number of enrollees, if nothing else happens, and even if we keep flushing out the overpayments, and if people keep bringing them to our attention, it should be something less than that; perhaps $700, $800 million.

Mr. Mottl. And then what about the following year?

Mr. Wilson. Yes, sir.

Mr. Mottl. About the same rate?

Mr. Wilson. I would think it would go down continuously because there will be more and more people who will have their eligibility terminated under the GI bill as they reach the 10-year date.

Mr. Mottl. If the Congress in its collective wisdom change the law, which you are not advocating, on the prepayment to postpayment, how much of a further decrease would there be next year?

Mr. Wilson. I would not have any doubt in predicting, sir, that that would take it down to at least, just using the GAO percentage figure, of 21 or 22 percent, whatever it was, would take it down to $550, $600 million.

Mr. Mottl. And you still feel that the advantage of that substantial reduction would not outweigh the disadvantage?

Mr. Wilson. Sir, if that money was to be all lost, if the Government was to lose all that money, then I would feel as perhaps you do. But the vast majority of that money on advance pay and prepay comes back to us. So we do not lose that total difference.

Mr. Mottl. Right.

Mr. Wilson. We lose at least temporarily the amount we do not collect.

Mr. Mottl. Which would go to the educational institutions as far as their liability, and also the GI.

I had asked in previous hearings, Mr. Wilson, for some facts and statistics. And let me read this letter. And maybe as part of this letter an answer to this letter that I have sent to Mr. Roudebush on May 26. I would like to have it read into the record; it is not too lengthy.

Dear Mr. Administrator:

It came as a distinct shock to read in the May 25 Washington Star that three Veterans Administration employees had been given only a slap on the wrist for their participation in taking education overpayments as students at Federal City College in the District of Columbia.

In today's May 26 issue of the Washington Post, another article states that a Federal grand jury has indicted the president of a barber college in Chicago, Ill., and six veterans in connection with a scheme to defraud the Veterans' Administration of educational assistance overpayments.

It seems to me that the action being taken on the Chicago case is the type of treatment which should be accorded to unscrupulous veterans who are willfully exploiting the veterans' educational program to the detriment of the Veterans' Administration.

> Without knowing the facts of each case at Federal City College, I can make no definite conclusions. However, the handling of the three cases fails to set the kind of example needed in the matter of educational abuses on the part of veterans in your own house, so to speak. With overpayments continuing to increase, it is imperative that the Veterans' Administration let all veterans know that your Agency means business and will take maximum measures to prevent any additional abuses.
>
> It would be deeply appreciated, therefore, if you would furnish a complete report on the facts in each case of the three employees mentioned in the Washington Star article and any other such situations involved at that office. Insofar as I am concerned, these three employees should receive the maximum penalty prescribed by law after, of course, they have been given their rights and a fair hearing and due process of law. The oversight hearings on educational overpayments are continuing, and representatives of your agency are scheduled to appear at our next hearing on Wednesday, June 2—

that is today.

> This letter, with your reply thereto, will be made a part of our current oversight hearings report.
>
> Sincerely,

myself, as chairman.

Do you have a response to these questions at all?

Mr. WILSON. The official response has not yet been prepared, Mr. Chairman. I have read the letter and it is being worked on.

I need to be rather precise in what I now say because there is an investigation going on with respect to some of this. I would not want to prejudice any findings of that investigation or any possible referral to the Department of Justice. I also would not want to prejudice any individual employee's rights.

I can absolutely and unequivocally assure you, Mr. Chairman, and the Congress, that we are going to take the appropriate action in every single case. There were more than three cases at Federal City College of this kind of involvement. Some were innocent I am told. While I have not read the report fully, some bother me quite a bit. But until the investigation is complete, I think it would probably be inappropriate in terms of the employees' rights or in terms of the investigation conclusion itself to comment further except to assure you that in every possible way we are going to do what the law requires. We are going to try to get the money back as best we can—and we think we will be successful in that in a number of ways. We are going to make such referrals to other Government agencies as we have to make. We will be doing precisely what it is that is suggested by your letter.

Mr. MOTTL. This really bothers me, Mr. Wilson. I believe in deterrence, and I think the deterrence in this program would really shape it up and avoid some of these unscrupulous veterans and educational institutions from ripping off the Government, even though it is minority cases, and it really bothers me in the testimony. And I asked for evidence to be submitted—and I do not know if it has or has not been—as to how many veterans have actually been prosecuted. For the first time I saw in a newspaper—and I refer to it in this letter in Chicago at that barbers college, where they had thousands of veterans and they had 10 barber chairs there, so they have finally indicted through the grand jury action the president of that college, and I think they have also indicted 7 veterans and 25 other veterans are being investigated. So there is appropriate action being taken.

And how many educational institutions have been actually held liable where they have paid back the Government moneys that they are actually liable for? I think that if some of these educational institutions would be held liable, I do not see that we would have the ripoff that is taking place at the schools. And I think if some of the veterans were prosecuted that were ripping off the Government, I think this would be a deterrence to other veterans to refrain from this type of action. And this is something that really troubles me.

Mr. Wilson. We have submitted a chart with respect to that for the record. And we have made that information available to the Congress, to the committee. I would say that I find myself in complete agreement with you, Mr. Chairman.

With respect to the specific questions that you ask in your letter, they are concerned with a specific school, some specific employees, some specific overpayments. All the facts with respect to that are not in yet. This is why I am hesitant to go into detail. But I can assure you that if criminality has taken place in our judgment that matters will be referred to the Department of Justice. I can assure you that the investigation will be complete and thorough and full. I can assure you that we will make every possible effort to get the money back. With respect to the overpayment liability situation, we will be pursuing that with the full force of our office.

The officials at Federal City College have asked for a hearing with respect to their possible liability, and the date for that has been scheduled for July 12. And they will have opportunity, of course, under the rules, to come in and defend themselves if they can. We will then have the matter adjudicated finally, and we will pursue actions just as the law requires.

I quite agree with you that examples of wrongdoings do create deterrence and do help us. I quite agree that when something has been publicized that has been very bad, that has caused a black eye to come to the GI bill and to the Veterans' Administration that facts and figures with respect to that black eye go across the country. They go to other places where perhaps people have attempted or at least thought about the same thing or at least have been much more permissive than the law would indicate that they should be. And all of these things help. I think these hearings help.

I just want to repeat that we will look at each case individually, Mr. Chairman, maintaining the right of each individual that is concerned, and we will do what we should do.

Mr. Mottl. I think there is one other question before we conclude.

I think you wanted to respond to the Virginia Community College VIP program as to any correlation between the overpayments and when that program went into effect.

Do you have any comments for us about that?

Mr. Wilson. Yes, sir.

The man who was involved in a quote in the Evening Star, who I understand is a VCIP individual, had an overpayment himself. I happen to know what the facts are with respect to it. He submitted a change of program to us terminating his enrollment on March 1. I suspect that on the same day he did that he received his prepaid check for that month. That change was received in the Washington regional office on the 12th day of March. It was not processed until about the 30th, at which time he would have gotten his next prepaid check.

He stated that because of what he considered to be the rules and regulations and the procedures of the Veterans' Administration—or at least he is quoted as having said this—that he put the money in the bank and was going to wait for the overpayment letter, and was not going to send the checks back to us, although he knew that he should. He said that he was not going to send the checks back to us until such time as he got an overpayment letter requesting their return.

As I recall, another individual at the school, who also works in veterans affairs, who also knows how our system works, said the same thing. He also said that he was advising the students—veterans at the school—not to send the overpayments back, and to wait for collection letters even though they know full well that they are not entitled to them.

Well, to say the least, Mr. Chairman, that kind of advice borders on the ridiculous, it borders on stupidity, and it borders on fraud, and it makes our problems at VA more pronounced than they were.

I would hope that these individuals would change their minds, and that that would not be their advice, and that they would do what they are required to do under the rules and regulations.

I repeat that it borders on ridiculous, and it borders on stupidity, and it borders on fraud.

Mr. MOTTL. Thank you very much, Mr. Wilson. We certainly appreciate your extreme cooperation along with your staff here throughout these hearings. And we would certainly appreciate it if you would submit your ideas in writing of how we can tighten up the law to give you more tools to work with to keep this program in check on these overpayments. I think you have to understand, and I think you fully well understand, that you can write all kinds of laws but you have to have them administered properly and with the right mental attitude and more proper vigor. And hopefully that if there is some shortcoming in the law, you will make the recommendations to the staff and to the Chair, and that we can come up with proper remedial legislation, and hopefully with the Congress and the Veterans' Administration working together, that these overpayments can be cut drastically.

Mr. WILSON. I certainly hope that that can occur, Mr. Chairman. And I want to express my appreciation and the appreciation of my colleagues for the courtesies of the committee and the staff. You have been very helpful to us.

Mr. MOTTL. Fine. Thank you, Mr. Wilson.

The subcommittee will allow the record to be open for 5 days for any additional information that would be submitted in the record.

[The information follows: A letter dated June 24, 1976, to the chairman of the committee, Mr. Roberts, from Odell W. Vaughn, Deputy Administrator of Veterans Affairs, containing comments on the GAO Report of March 19, 1976, presented to the subcommittee on April 8, 1976, subsequently received and inserted in the record at this point.]

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VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., June 24, 1976.

HON. RAY ROBERTS,
Chairman, Committee on Veterans Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am providing you with our comments, as presented to the Chairmen, House and Senate Committees on Government Operations and on Appropriations, on the General Accounting Office's report dated March 19, 1976, entitled "Educational Assistance Overpayments, A Billion Dollar Problem—A Look at the Causes, Solutions and Collection Efforts." (MWD–76–109)

We will adopt the suggestion to supply data to state approving agencies showing which schools have overpayment problems. The computer program previously supplying the listing can no longer be used and a new program must be completed. The listing will be prepared as soon as possible (not later than six months from now) and forward to our regional offices for utilization by the state approving agencies.

In response to the recommendation that we automate the processing of veteran program changes to reduce delays which result in overpayments, we are currently testing this procedure at the field station level and will advise you of the results within six to eight months.

We have already written the instructions to increase the use of teletype transmissions of stop payment notices to prevent overpayments. These instructions were distributed to all field stations April 8, 1976.

The need to improve the timeliness and efficiency of the overall VA collection system is directly related to improvement of the Centralized Accounts Receivable System (CARS) at the St. Paul DPC. The inadequacies of the present system can be attributed to constraints imposed by second generation equipment. Since plans have been finalized to install third generation equipment at the St. Paul DPC, the importance of converting CARS to third generation cannot be overstated. Attempts to enhance the present system or a one-for-one translation effort will not alleviate the problems stated in the GAO report. Full redesign/rewrite is necessary to implement the recommendations of the report. Efforts by several departments to convert the system are underway.

Revision of collection letters to more fully explain overpayments will require considerable re-programming. Although there is a backlog of high priority projects, every effort will be made to develop specifications to revise the program.

Projects for revising the Supplemental Award Letter and the unscheduled Termination Letter have been assigned at Hines DPC. These letters will include paragraphs which tell the debtor that the new overpayment will be added to existing indebtedness and must also be paid. If the person is continuing training, the letter states that we will withhold a sufficient amount of the payments due, to apply against the debt.

We agree with the recommendation that we develop statistics that will provide comprehensive data on collection costs that can be compared to potential recoveries so that collection costs will not exceed recoveries and plan to approach the study from both a short- and long-range basis. On a short-range basis, we will collect all the costs for one year from CARS at the VA Center, St. Paul and apply the total number of cases disposed during the same period. The long-range cost study involves the development of work standards and a system of reporting man-hours with workload data. The plan calls for the work measurement system to begin October 1, 1976, and for development of a detailed cost system after the work measurement system has been in operation for sufficient time to validate the criteria. The criteria for determining when further efforts are not economically justified will be validated or adjusted based on the costs reflected.

We feel that although it may seem practical to reduce the time of issuing a collection letter for a special overpayment, it is not practical from an operational standpoint. A special payment is made only after the following requirements are met: (1) a beneficiary is entitled to payment and 30 days have elapsed since the beneficiary entered training, or (2) an award was processed and rejected from the system. The special payment is recorded in the master record at Hines DPC and is liquidated by withholding the amount of the special payment from benefits due when the award is processed. In many instances 2 or 3 weeks elapse between the time of the special payment and input of the award. If the award rejects, additional time is required for correction of input. Reducing the time for conversion of a special payment to a receivable status and the time for issuance of a collection letter by St. Paul would result in erroneous collection letters in most instances. This would, of course, result in increased complaints with little, if any, improvement in the recovery rate.

Establishing an automatic cross-checking system for matching persons receiving compensation or pension benefits with their educational overpayment accounts would require a large reprogramming effort which is not feasible due to existing backlogs of essential systems modifications. Expenditure of already overtaxed programming resources to fulfill this recommendation cannot be justified since there are no benefits to be derived from its implementation. We believe that the existing system of cross-checking for debtors receiving benefits from the opposite system is effective and every case is cross-checked before a debt is declared uncollectible. Since the TARGET system will have the capability of automatic cross checking (since both systems operate from a common data base), we feel that extension changes to the current system are imprudent at this time.

We appreciate the assistance the General Accounting Office has given us in responding to a difficult problem and we will continue to review and analyze this part of our operation to improve the overpayment situation to the extent possible.

Sincerely,

ODELL W. VAUGHN,
Deputy Administrator.
for RICHARD L. ROUDEBUSH,
Administrator.

Mr. MOTTL. If nothing else, the subcommittee will now stand adjourned.

[Whereupon, at 11 a.m., the hearing in the above entitled matter was adjourned.]

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